ATS

Build. Grow. Expand.

Third Quarter F2022 Earnings Presentation

February 2, 2022

Forward Looking Statements

This presentation and the oral statements made during this call contain certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of ATS Automation Tooling Systems Inc. (“ATS” or the “Company”), or developments in ATS’ business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements include all disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances, outlook in our markets, margin expansion, ABM, order funnel, and Order Backlog to revenue conversion rate. ATS cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. The risks and uncertainties that may affect forward-looking statements include, among others, the duration and impact of the COVID-19 pandemic, general market performance, performance of the Canadian dollar, performance of the market sectors that ATS serves, success and impact of the initiatives that ATS is undertaking, variations in the amount of Order Backlog completed in any given quarter, that our customer end-markets do not perform as expected, that efforts to expand adjusted earnings from operations margin over long-term is unsuccessful, due to any number of reasons, including failure of ABM to impact margins, that sales funnel opportunities are not converted to revenue, and other risks and uncertainties detailed from time to time in ATS’ filings with Canadian securities regulators, including ATS’ most recent quarterly earnings press release and MD&A and ATS’ Annual Information Form for the fiscal year ended March 31, 2021, which are available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and can be accessed at www.sedar.com. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and ATS does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change.

Non-IFRS Measures and Additional IFRS Measures

Throughout this presentation management uses certain non-IFRS measures to evaluate the performance of the Company. The terms “operating margin”, “EBITDA”, “adjusted net income”, “adjusted earnings from operations”, “adjusted operating margin”, “adjusted EBITDA”, “adjusted basic earnings per share”, “free cash flow”, “net debt to adjusted EBITDA”, “Order Bookings”, “Order Backlog”, and “book-to-bill ratio” do not have any standardized meaning prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies. Such measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. In addition, management uses “earnings from operations”, which is an additional IFRS measure, to evaluate the performance of the Company. Earnings from operations is presented on the Company’s consolidated statements of income as net income excluding income tax expense and net finance costs. Operating margin is an expression of the Company’s earnings from operations as a percentage of revenues. EBITDA is defined as earnings from operations excluding depreciation and amortization. Adjusted earnings from operations is defined as earnings from operations before items excluded from management’s internal analysis of operating results, such as amortization expense of acquisition-related intangible assets, acquisition-related transaction and integration costs, restructuring charges, and certain other adjustments which would be non-recurring in nature (“adjustment items”). Adjusted operating margin is an expression of the Company’s adjusted earnings from operations as a percentage of revenues. Adjusted EBITDA is defined as adjusted earnings from operations excluding depreciation and amortization. Adjusted basic earnings per share is defined as adjusted net income on a basic per share basis, where adjusted net income is defined as adjusted earnings from operations less net finance costs and income tax expense, plus tax effects of adjustment items and adjusted for other significant items of a non-recurring nature. Free cash flow is defined as cash provided by operating activities less property, plant and equipment and intangible asset expenditures. Net debt to adjusted EBITDA is the ratio of the net debt of the Company (cash and cash equivalents less bank indebtedness, long-term debt, and lease liabilities) to adjusted EBITDA. Order Bookings represent new orders for the supply of automation systems, services and products that management believes are firm. Order Backlog is the estimated unearned portion of revenues on customer contracts that are in process and have not been completed at the specified date. Book to bill ratio is a measure of Order Bookings compared to revenue.

Earnings from operations, operating margin, EBITDA and adjusted EBITDA are used by the Company to evaluate the performance of its operations. Management believes that earnings from operations is an important indicator in measuring the performance of the Company’s operations on a pre-tax basis and without consideration as to how the Company finances its operations. Management believes that EBITDA and adjusted EBITDA are important indicators of the Company’s ability to generate operating cash flows to fund continued investment in its operations. Management believes that adjusted earnings from operations, adjusted operating margin, adjusted EBITDA and adjusted basic earnings per share are important measures to increase comparability of performance between periods. The adjustment items used by management to arrive at these metrics are not considered to be indicative of the business’ ongoing operating performance. Free cash flow is used by the Company to measure cash flow from operations after investment in property, plant and equipment and intangible assets. Management uses net debt to adjusted EBITDA as a measurement of leverage of the Company. Order Bookings provide an indication of the Company’s ability to secure new orders for work during a specified period, while Order Backlog provides a measure of the value of Order Bookings that have not been completed at a specified point in time. Both Order Bookings and Order Backlog are indicators of future revenues that the Company expects to generate based on contracts that management believes to be firm. Book to bill ratio is used to measure the Company’s ability and timeliness to convert Order Bookings into revenues. Management believes that ATS shareholders and potential investors in ATS use these additional IFRS measures and non-IFRS financial measures in making investment decisions and measuring operational results.

A reconciliation of Order Bookings and Order Backlog to total Company revenues are contained in this presentation. A reconciliation of (i) EBITDA and adjusted EBITDA to earnings from operations and net income, (ii) adjusted earnings from operations to earnings from operations, (iii) adjusted basic earnings per share to basic earnings per share, and (iv) free cash flow and net debt to their IFRS measure components in each case is contained in this presentation.

Quarterly Highlights

- ATS continues to execute well in a challenging environment
- **Record Order Bookings[1] (up 54% y/y)**
- **Record Order Backlog[1] (up 50% y/y)** provides good revenue visibility
- **Revenues up 48% y/y** driven by recent acquisitions and organic growth in Life Sciences
- **Adj. Operating Margin[1] 12.9% (up 103 bps y/y)** driven by improved cost structure, strong program execution, higher after-sales services revenues
- **Announced 2 strategic Life Sciences acquisitions:** SP Industries, Inc. (in Q3) and HSG Engineering S.r.l., (early in Q4)

1. See "Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures"

Outlook

- **Order Backlog** provides solid base of business
- **Pandemic situation** remains fluid with some newly imposed travel restrictions, supply chain interruptions, lead-time extensions and cost pressures
- **Life Sciences** conditions positive on activity in medical devices, pharma, radiopharma
- **EV** activity levels robust in battery assembly (won several new mandates)
- **Food & Beverage** Order Bookings strong
- **Consumer** has improved and features strong demand for warehouse automation and electronic and consumer product assembly
- **Energy** is stable and includes an expanding market for nuclear refurbishment tools and services, opportunities in isotope, small reactors, and grid battery applications

Q3 F2022 Financial Results

(C$ mm, except per share data)	Q3 F2022	Q3 F2021	Y/Y Change ($)	Y/Y Change (%)
Revenues	**$546.8**	$369.7	$177.1	**47.9%**
Earnings from operations	**38.2**	32.3	5.9	**18.3%**
Adjusted earnings from operations[1]	**70.4**	43.8	26.6	**60.7%**
EBITDA[1]	**68.0**	49.7	18.3	**36.8%**
Adjusted EBITDA[1]	**83.5**	53.1	30.4	**57.3%**
Net income	**23.3**	18.9	4.4	**23.3%**
Basic and diluted earnings per share	**0.25**	0.20	0.05	**25.0%**
Adjusted basic earnings per share[1]	**0.52**	0.30	0.22	**73.3%**

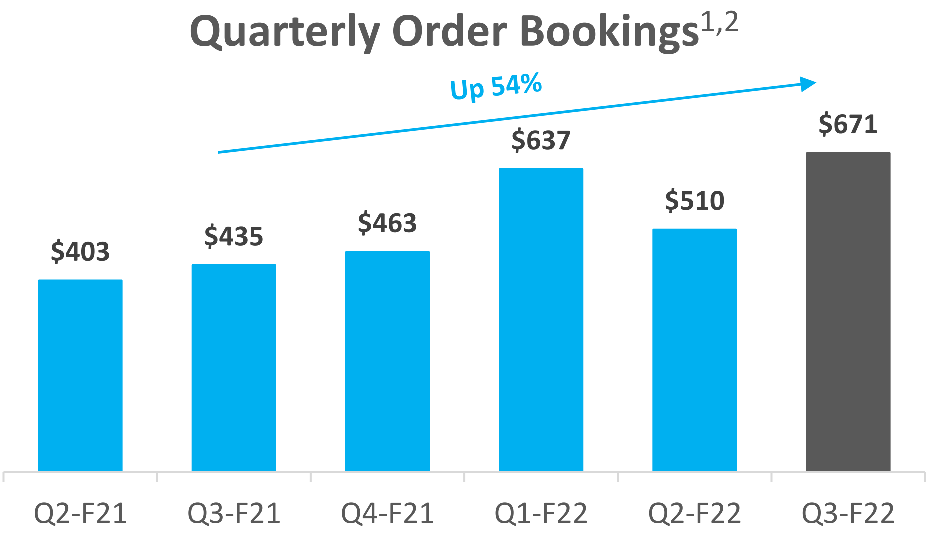
Revenue Growth:

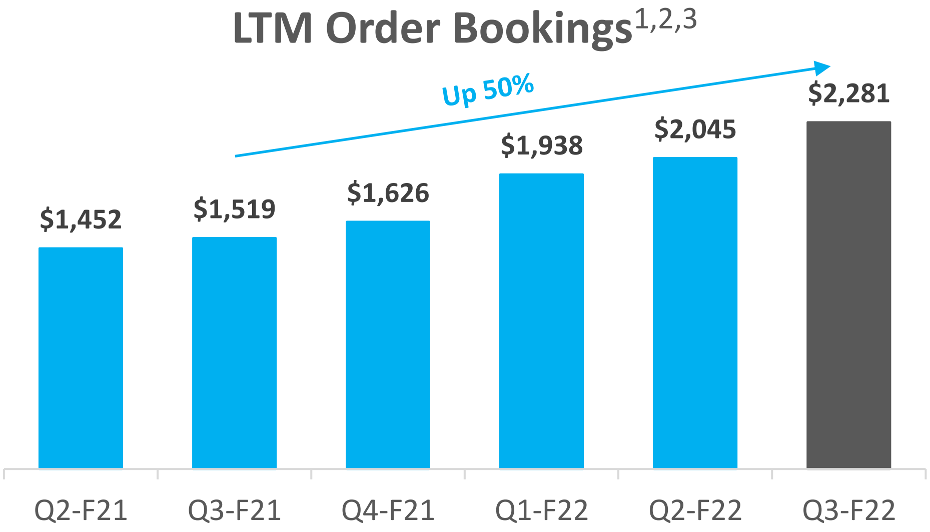
Organic	21.5%
Acquisitions	31.0%
FX.	(4.6)%
Total	47.9%

- Revenues up 47.9% y/y driven by recent acquisitions and strength in Life Sciences and Consumer Products
  - Organic revenue growth y/y 21.5%
- Adjusted operating margin[1] was 12.9%, up 103 bps y/y driven by improved cost structure, strong program execution, and higher revenues from after-sales services

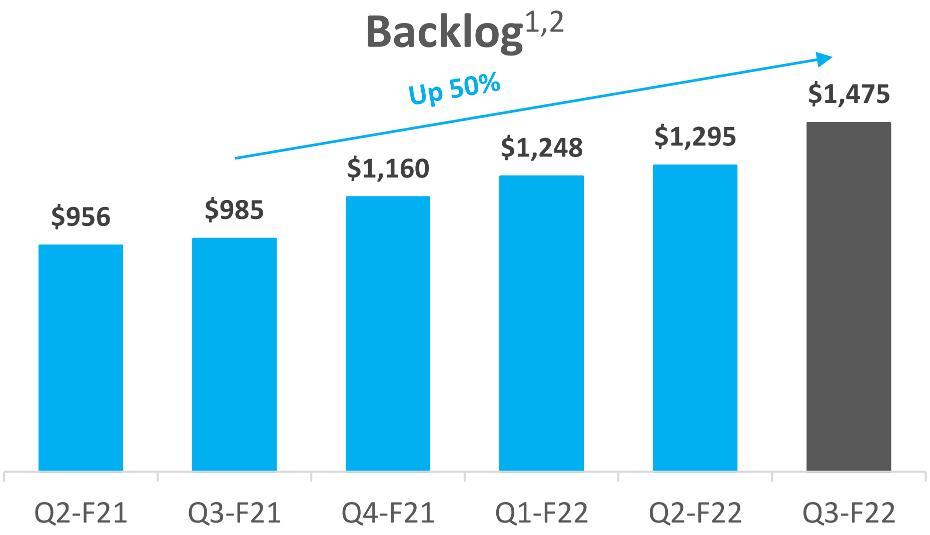
1. See "Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures"

Order Bookings & Backlog



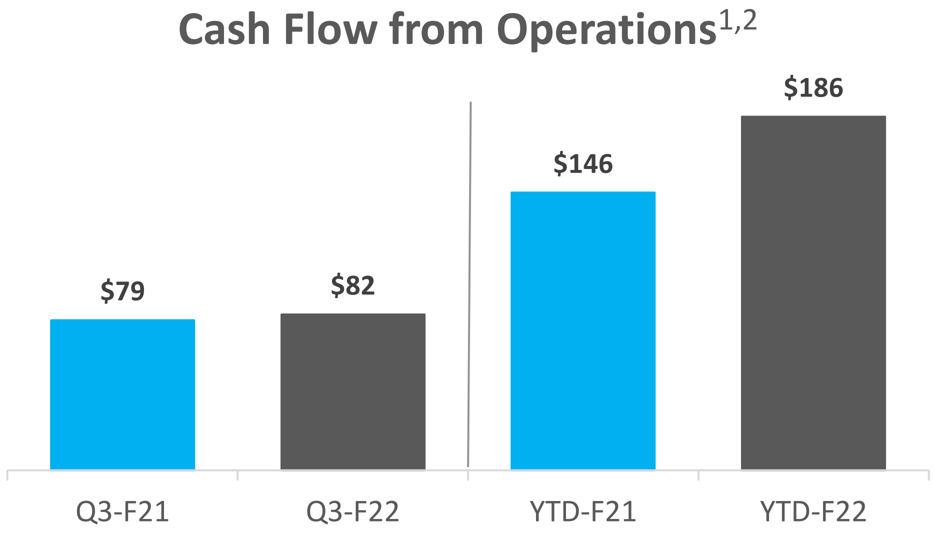


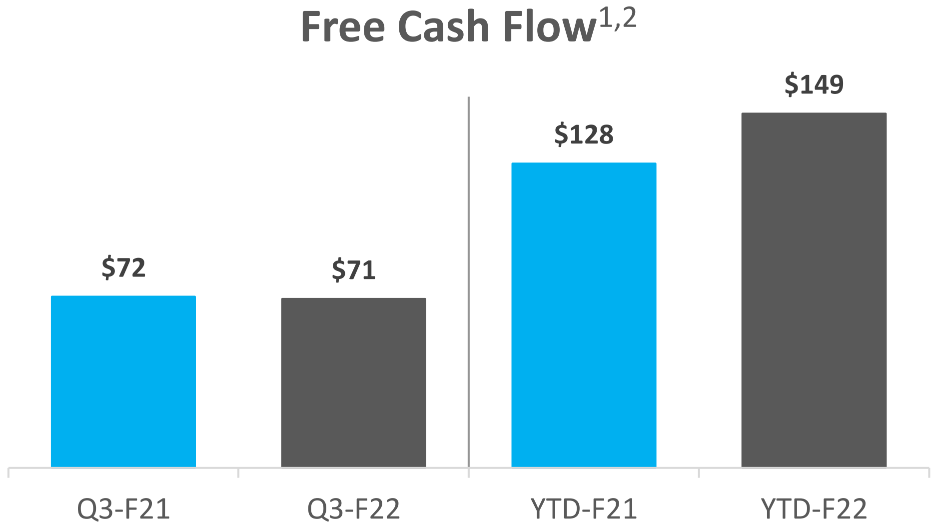
- Strong quarterly bookings aided by acquisitions and robust organic contributions from Transportation, Consumer Products and Energy
- LTM Book-to-bill of 1.15x
- Notable project wins include EV battery assembly work and warehouse automation award

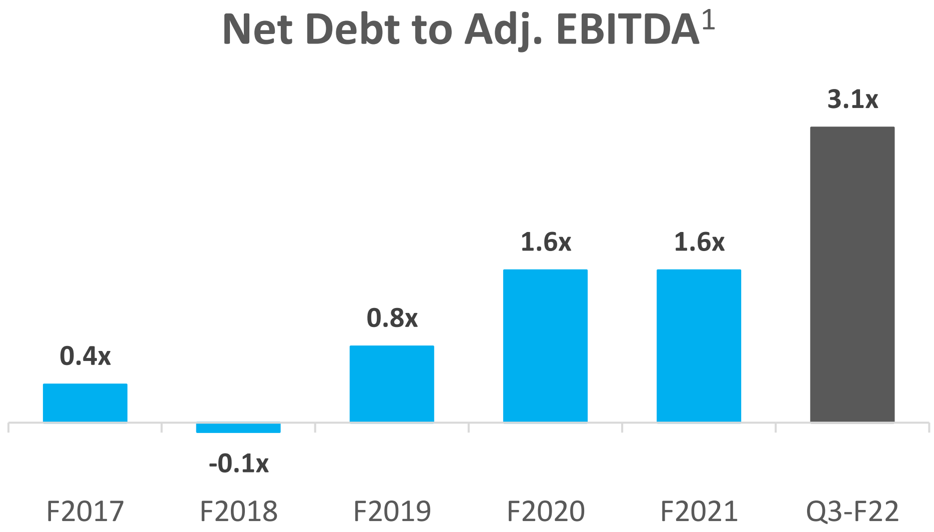


1. *See "Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures"; 2. Order Bookings & Backlog in C$ mm;*
3. *LTM Order Bookings = Order Bookings for the previous twelve months*

Cash Flow Generation







- Quarterly CFO reflected higher revenues and profitability
- FCF generation reflected higher revenues and profitability, partially offset by higher capex
- Leverage[3] of 3.1x with focus now on deleveraging

1. See "Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures"; 2. Cash Flow from Operation & Free Cash Flow in C$ mm; 3. Leverage represents Net Debt to Adj. EBITDA

Summary

- Record Order Bookings and Order Backlog
- Continued focus on margin expansion and deployment of ABM
- Good activity levels across end-markets
- Integration of CFT (acquired in late March 2021) and BioDot (June 2021) on track
- Two acquisitions announced and closed in Q3-22 – SP Industries and DF
- HSG Engineering announced and closed in Q4-22
- Expect Q4-F22 Order Backlog to revenue conversion in 35%-40% range

Appendix

Reconciliation of Non-IFRS Measures to IFRS Measures

Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

(C$ mm)	F2017	F2018	F2019	F2020	F2021		Q3 F2022	Q3 F2021
Adjusted EBITDA	**111.7**	**133.3**	**161.9**	**195.1**	**200.7**		**83.5**	**53.1**
Restructuring charges	2.3	11.2	-	26.6	14.3		4.1	6.2
Share purchase allowance	2.9	-	-	-	-		-	-
Gain on sale of facility	-	-	-	-	(5.3)		-	(5.3)
Acquisition-related transaction costs	-	-	4.7	1.5	6.7		6.3	2.5
Contingent consideration adjustment	-	-	-	-	(5.6)		-	-
Acquisition-related inventory fair value charges	-	-	-	-	-		5.1	-
EBITDA	**106.5**	**122.1**	**157.2**	**167.0**	**190.6**		**68.0**	**49.7**
Less: depreciation and amortization expense	34.6	36.6	42.4	71.4	71.0		29.8	17.4
Earnings from operations	**71.9**	**85.5**	**114.8**	**95.6**	**119.6**		**38.2**	**32.3**
Less: net finance costs	25.6	23.8	20.9	28.1	40.1		7.9	7.3
Less: provision for income taxes	11.3	14.5	23.1	14.6	15.4		7.0	6.1
Net income	**35.0**	**47.2**	**70.8**	**52.9**	**64.1**		**23.3**	**18.9**

(C$)	Q3 F2022	Q3 F2021	YTD F2022	YTD F2021
Basic earnings per share	**0.25**	**0.20**	**0.88**	**0.44**
Restructuring charges	0.05	0.07	0.05	0.16
Gain on sale of facility	-	(0.06)	-	(0.06)
Acquisition-related transaction costs	0.07	0.03	0.12	0.03
Amortization of acquisition-related intangible assets	0.18	0.10	0.48	0.27
Acquisition-related inventory fair value charges	0.06	-	0.22	-
	0.61	**0.34**	**1.75**	**0.84**
Less: adjustment to provision for income taxes	0.09	0.04	0.22	0.14
Adjusted basic earnings per share	**0.52**	**0.30**	**1.53**	**0.70**

(C$ mm)	Q2 F2021	Q3 F2021	Q4 F2021	Q1 F2022	Q2 F2022	Q3 F2022
Opening Order Backlog	909	956	985	1,160	1,248	1,295
Revenues	(336)	(370)	(400)	(511)	(522)	(547)
Order Bookings	403	435	463	637	510	671
Order Backlog Adjustments	(20)	(36)	122	(38)	59	56
Ending Order Backlog	**956**	**985**	**1,160**	**1,248**	**1,295**	**1,475**

Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

(C$ mm)	Q3 F2022	Q3 F2021	YTD F2022	YTD F2021
Adjusted earnings from operations	**70.4**	**43.8**	**206.7**	**113.6**
Restructuring charges	4.1	6.2	4.1	14.3
Gain on sale of facility	-	(5.3)	-	(5.3)
Acquisition-related transaction costs	6.3	2.5	10.6	2.5
Amortization of acquisition-related intangible assets	16.7	8.1	44.7	25.3
Acquisition-related inventory fair value charges	5.1	-	20.5	-
Earnings from operations	**38.2**	**32.3**	**126.8**	**76.8**
Less: net finance costs	7.9	7.3	22.6	23.5
Less: provision for income taxes	7.0	6.1	22.7	13.0
Net income	**23.3**	**18.9**	**81.5**	**40.3**

(C$ mm)	F2017	F2018	F2019	F2020	F2021	Q3 F2022
Cash and cash equivalents	286.7	330.2	224.5	358.6	187.5	200.1
Bank indebtedness	(1.4)	(2.7)	(2.0)	(4.6)	(1.1)	(3.0)
Current portion of long-term debt	(1.3)	(0.4)	(18.6)	(0.1)	(0.1)	-
Long-term debt	(326.0)	(315.1)	(328.2)	(598.0)	(430.6)	(1,073.8)
Net cash (debt) prior to IFRS 16	(42.0)	12.0	(124.2)	(244.1)	(244.3)	(876.7)
Lease liabilities	-	-	-	(62.9)	(73.0)	(78.9)
Net cash (debt)	**(42.0)**	**12.0**	**(124.2)**	**(307.0)**	**(317.3)**	**(955.6)**

(C$ mm)	Q3 F2022	Q3 F2021	YTD F2022	YTD F2021
Cash flows provided by operating activities	82.1	78.9	186.2	146.2
Acquisition of property, plant and equipment	(8.1)	(5.1)	(27.9)	(11.1)
Acquisition of intangible assets	(3.2)	(1.9)	(9.1)	(7.4)
Free Cash Flow	**70.8**	**71.9**	**149.2**	**127.7**

(C$ mm)	F2017	F2018	F2019	F2020	F2021	Q3 F2022
Net Debt	(42.0)	12.0	(124.2)	(307.0)	(317.3)	(955.6)
Adjusted EBITDA (LTM)	111.7	133.3	161.9	195.1	200.7	303.5
Historical Leverage (Net Debt/Adj. EBITDA)	**0.4x**	**-0.1x**	**0.8x**	**1.6x**	**1.6x**	**3.1x**