



ATS Automation Tooling Systems Inc.
Annual Information Form
For the Year Ended March 31, 2019

TSX: ATA

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INFORMATION INCORPORATED BY REFERENCE

This Annual Information Form ("AIF") is dated May 15, 2019 and the information presented in this AIF is presented as at March 31, 2019, unless otherwise indicated. The information that appears in the annual Management's Discussion and Analysis for the fiscal year ended March 31, 2019 (the "fiscal 2019 MD&A") of ATS Automation Tooling Systems Inc. ("ATS" or the "Company") is hereby incorporated by reference in, and forms part of, this AIF. The fiscal 2019 MD&A is available at www.sedar.com and on the Company's website at www.atsautomation.com.

CORPORATE STRUCTURE

ATS was established by way of an amalgamation of ATS Inc. and 988740 Ontario Limited under the laws of the Province of Ontario pursuant to the *Business Corporations Act (Ontario)* through articles of amalgamation dated July 31, 1992. ATS amended its articles on December 7, 1993 to subdivide its outstanding share capital on a four for one basis. ATS further amended its articles on each of November 27, 1996 and on November 27, 1997 to subdivide its outstanding share capital, in each case, on a two for one basis. On September 8, 1998, ATS again amended its articles to reorganize its share capital to remove the maximum number of common shares which the Company is authorized to issue and to provide for an unlimited number of authorized common shares. On April 1, 2001, ATS was amalgamated with 1032123 Ontario Limited under the laws of the Province of Ontario pursuant to the *Business Corporations Act (Ontario)*.

On April 1, 2003 ATS was further amalgamated with Canadian Induction Processing Ltd., ATS Test Systems Inc., ATS Omex Inc. and Micro Precision Plastics Ltd. under the laws of the same statute. Prior to amalgamation with ATS, the above-named corporations were each wholly-owned subsidiaries of ATS.

The registered head office of ATS is 730 Fountain Street North, Cambridge, Ontario, N3H 4R7. As at May 15, 2019, the Company had approximately 4,400 employees worldwide across 23 manufacturing facilities and over 50 offices.

Intercorporate relationships

The table below lists the principal subsidiaries of each reportable segment of the Company as at March 31, 2019, the percentage of voting securities beneficially owned directly or indirectly by ATS and the jurisdiction of incorporation. All subsidiaries are wholly-owned (both voting and restricted securities).

Certain subsidiaries whose total assets did not represent more than 10% of the Company's consolidated assets or whose revenues did not represent more than 10% of the Company's consolidated revenues as at March 31, 2019 have been omitted. The subsidiaries that have been omitted represent, as a group, less than 20% of the consolidated assets and revenue of the Company at such date.

Company	Voting securities	Jurisdiction of incorporation
Automation Systems		
ATS Automation Tooling Systems GmbH	100%	Germany
Assembly & Test – Europe GmbH	100%	Germany
IWK Verpackungstechnik GmbH	100%	Germany
ATS Automation Asia (Tianjin) Co., Ltd.	100%	China
IWK (Thailand) Ltd.	100%	Thailand
ATS Ohio, Inc.	100%	Ohio, USA
ATS Assembly and Test, Inc.	100%	Michigan, USA
IWK Packaging Systems, Inc.	100%	Delaware, USA
ATS Sortimat USA LLC	100%	Delaware, USA
ATS Test Inc.	100%	Ontario, Canada
Process Automation Solutions GmbH	100%	Germany
Process Automation Solutions s.r.o	100%	Czech Republic

Advanced Applications GmbH	100%	Germany
Process Automation Solutions NV	100%	Belgium
PA Process Automation Solutions (Shanghai) Co. Ltd.	100%	China
Process Automation Solutions, Inc.	100%	Connecticut, USA
PA Solutions, Inc.	100%	Michigan, USA
KMW Konstruktion, Maschinen-& Werkzeugbau GmbH & Co. KG	100%	Germany
Comecer S.p.A	100%	Italy
Comecer Netherlands B.V.	100%	Netherlands
Corporate holding companies		
Automation Tooling Systems Enterprises, Inc.	100%	Delaware, USA
ATS Automation Tooling Systems BC 1 ULC	100%	British Columbia, Canada
ATS Delaware 2 LLC	100%	Delaware, USA
ATS Delaware 4 LLC	100%	Delaware, USA
ATS Automation USA PA Holdings, Inc.	100%	Delaware, USA
ProFocus LLC	100%	Delaware, USA
ATS Comecer Holdings s.r.l	100%	Italy
Comecer Netherlands Holdings B.V.	100%	Netherlands
Newton s.r.l	100%	Italy

GENERAL DEVELOPMENT OF THE BUSINESS

ATS was founded in 1978 by Klaus D. Woerner as a small special purpose machine builder. ATS completed an initial public offering of its common shares and began trading on The Toronto Stock Exchange on December 22, 1993.

Today, ATS is an industry leader in planning, designing, building, commissioning and servicing automated manufacturing and assembly systems – including automation products and test solutions – for a broadly-diversified base of customers. ATS’ reputation, knowledge, global presence and standard automation technology platforms differentiate the Company and provide it with competitive advantages in the worldwide manufacturing automation market for life sciences, pharmaceuticals, chemicals, electric vehicles, transportation, consumer products, electronics, food, beverage, energy, and oil and gas.

Key developments over the last three years

During the three months ended January 1, 2017 (the third quarter of fiscal 2017), the Company initiated the closure of a U.S.-based operation. This closure was completed during the fourth quarter of fiscal 2017.

Effective March 6, 2017, the Board of Directors appointed Andrew Hider as Chief Executive Officer of ATS following an extensive planning and search process. Mr. Hider was appointed to the Board of Directors on May 17, 2017.

During the three months ended December 31, 2017, management initiated a restructuring plan that addressed the rationalization of divisions and business lines, as well as leadership and management changes. Specific actions under this plan included the closure of a division in each of the U.S. and southeast Asia and the rationalization of a business line at a division in Europe. The restructuring was designed to improve the Company’s leadership, cost structure and enhance capacity utilization by realigning resources to areas of the business that would enable it to deliver increased value to customers and shareholders.

On November 1, 2018, the Company acquired Konstruktion, Maschinen- & Werkzeugbau GmbH & Co. KG and KMW GmbH (collectively, "KMW"), a supplier of custom micro-assembly systems and test equipment. On December 3, 2018, the Company announced that the Toronto Stock Exchange ("TSX") had accepted a notice filed by the Company of its intention to make a normal course issuer bid to purchase for cancellation

up to a maximum of 3,000,000 common shares, representing approximately 3.2% of the 94,139,097 common shares that were issued and outstanding as of November 16, 2018.

On December 6, 2018, the Company announced its acquisition of substantially all of the intellectual property assets of Transformix Engineering Inc. (“Transformix”) for \$10.0 million. Transformix’s CNC Assembly system, based on its patented Rapid Speed Matching technology, provides a method of linking and synchronizing the movements of devices and tooling to enable faster and more efficient assembly systems.

On February 6, 2019, the Company announced the TSX’s approval of its amended notice to increase the maximum number of shares that may be purchased under the NCIB to 6,366,405 common shares, representing 10% of the “public float” (as defined by the TSX and calculated as of November 16, 2018), effective February 11, 2019.

On February 28, 2019, the Company acquired Comecer S.p.A. (“Comecer”), a leader in the design, engineering, manufacture, and servicing of advanced aseptic containment and processing systems for the nuclear medicine and pharmaceutical industries.

During the fourth quarter of fiscal 2019, the Company announced the introduction of Illuminate™ Manufacturing Intelligence, a next-generation factory optimization Industrial Internet of Things (IIoT) platform solution. Illuminate Manufacturing Intelligence uses real-time machine performance data to increase throughput, improve uptime, decrease cost and boost quality on your factory floor – enabling agile data-to-decision, in minutes.

For additional information regarding the general development of ATS’ business, see the fiscal 2019 MD&A.

NARRATIVE DESCRIPTION OF THE BUSINESS

OVERVIEW AND MARKETS

Business overview

ATS is an industry-leading automation solutions provider to many of the world’s most successful multinational companies. ATS uses its extensive knowledge base and global capabilities in custom automation, repeat automation, automation products and value-added services including pre automation and after-sales services.

ATS serves customers in the following markets: life sciences, pharmaceuticals, nuclear medicine, chemicals, electric vehicles, transportation, consumer products, electronics, food, beverage, energy, and oil and gas. With broad and in-depth knowledge across multiple industries and technical fields, ATS delivers single-source solutions to customers that lower their production costs, accelerate delivery of their products, and improve quality control. ATS engages with customers on both greenfield programs, such as equipping new factories, and brownfield programs, such as capacity expansions, line moves, equipment upgrades, software upgrades, efficiency improvements and factory optimization.

ATS engages at varying points in customers’ automation cycles. During the pre-automation phase, ATS offers comprehensive services, including discovery and analysis, concept development, simulation and total cost of ownership modelling, all of which help to verify the feasibility of different types of automation, set objectives for factors such as line speed and yield, assess production processes for manufacturability and calculate the total cost of ownership.

For customers that have decided to proceed with an automation project, ATS offers specialized equipment for specific applications or industrial markets, as well as a number of automation and integration services, including engineering design, prototyping, process verification, specification writing, software and manufacturing process controls development, equipment design and build, standard automation products/platforms, third-party equipment qualification, procurement and integration, automation system installation, product line commissioning, validation and documentation. Following the installation of custom automation, ATS may supply duplicate or repeat automation systems to customers that leverage engineering design completed in the original customer program. For customers seeking complex equipment production

or build-to-print manufacturing, ATS provides value engineering, supply chain management, integration and manufacturing capabilities, and other automation products and solutions.

Post automation, ATS offers a number of services, including customer training, process optimization, preventative maintenance, emergency and on-call support, spare parts, retooling, retrofits and equipment relocation. Service agreements are often attached at the time of new equipment sale or are available on an after-market basis on installed equipment. The Company employs a service strategy to increase the revenue derived from these activities. To enhance its service offering, the Company recently unveiled *Illuminate™ Manufacturing Intelligence*, a system that captures, analyzes and uses real-time machine performance data to quickly and accurately troubleshoot, deliver process and product solutions, prevent equipment downtime, drive greater operational efficiency and unlock performance for sustainable production improvements.

Contract values for individual automation systems vary and are often in excess of \$1 million, with some contracts for enterprise-type programs well in excess of \$10 million. Due to the custom nature of customer projects, contract durations vary, with typical durations ranging from six to 12 months, and some larger contracts extending up to 18 to 24 months. Contract values for pre-automation services and post-automation services range in value and can exceed \$1 million with varying durations, which can sometimes extend over a number of years.

ATS Business Model

The ATS Business Model ("ABM") is a business management system that ATS has developed with the goal of enabling the Company to pursue its strategies, outpace its chosen markets, and drive year-over-year continuous improvement. See "STRATEGY – ATS Business Model" in the fiscal 2019 MD&A.

For a discussion of consolidated revenues and consolidated operating results see "Overview – operating results" in our fiscal 2019 MD&A.

COMPETITIVE CONDITIONS

The Company's Order Bookings are generally variable and sensitive to changes in the major economies the Company serves including the U.S., Canada, Europe and Asia. The global economic environment has shown recent signs of slowing growth and geopolitical risks remain. Ongoing trade negotiations and disputes between various jurisdictions in which the Company does business may impact its future sales and operations. Management will continue to closely monitor ongoing global trade discussions which could impact the Company and identify mitigation opportunities.

Funnel activity (which includes customer requests for proposal and ATS identified customer opportunities) in life sciences remains strong. Opportunities related to electric vehicles are significant, however, customers are cautious in their approach to capital investment. Funnel activity in energy is variable and this market provides niche opportunities for ATS. Funnel activity in the consumer products & electronics market remains low relative to other customer markets. Overall, the Company's funnel remains significant; however, conversion of opportunities into Order Bookings is variable.

The Company's sales organization continues to work to engage customers on enterprise-type solutions. Enterprise orders are expected to provide ATS with more strategic customer relationships, better program control and workload predictability and less short-term sensitivity to macroeconomic forces. This approach to market and the timing of customer decisions on larger opportunities is expected to cause variability in Order Bookings from quarter to quarter and lengthen the performance period and revenue recognition for certain customer programs.

The Company expects its Order Backlog of \$904 million at the end of the fourth quarter of fiscal 2019 to partially mitigate the impact of volatile Order Bookings on revenues in the short term. The composition of the Company's Order Backlog has changed materially in fiscal 2019, with the addition of several large, enterprise programs that the Company has won. These enterprise programs have longer periods of performance and therefore longer revenue recognition cycles.

The services strategy is expected to add incremental revenues over time as the attach rate of services' contracts on new equipment increases and as the penetration of the installed base improves. The Company is working to grow service revenues as a percentage of overall revenues over time, which is expected to

provide some balance to the capital expenditure cycle of the Company's customers but may not fully offset capital spending volatility.

The initial roll-out of the ABM has been completed, which included Company-wide training and deployment of tools to standardize problem solving and continuous improvement processes. As the initial ABM tools are implemented, management will deploy additional tools as part of the ongoing advancement of the ABM, with the goal of driving growth and continuous, sustained performance improvements across the Company. Management expects that the ABM will provide the Company with a long-term competitive advantage in delivering value to its customers and shareholders.

The Company is pursuing several initiatives with the goal of expanding its adjusted earnings from operations margin over the long term including: growing the Company's higher margin after-sales service business; improving global supply chain management; increasing the use of standardized platforms and technologies; growing revenues while leveraging the Company's current cost structure; and the ongoing development and adoption of the ABM.

Over the long term, the Company generally expects to continue increasing its overall investment in non-cash working capital to support the growth of its business, with fluctuations on a quarter-over-quarter basis. The Company's goal is to maintain its investment in non-cash working capital as a percentage of annualized revenues below 10% although from time to time it could reach up to 15% or greater due to normal volatility associated with the Company's project-based business.

In fiscal 2020, the Company expects to increase its investment in capital assets and intangible assets to approximately \$60 million due to planned expansions at several facilities in order to increase capacity. The actual investment will depend upon timing of the expansions.

The Company expects that continued cash flows from operations, together with cash and cash equivalents on hand and credit available under operating and long-term credit facilities, will be sufficient to fund its requirements for investments in non-cash working capital and capital assets and to fund strategic investment plans including some potential acquisitions. Significant acquisitions could result in additional debt or equity financing requirements.

Management believes ATS has the following competitive strengths:

Global presence, size and critical mass: ATS' global presence and scale provide advantages in serving multinational customers, as many of the Company's competitors are smaller and operate with a narrower geographic and/or industrial market focus. ATS has manufacturing operations in Canada, the United States, Germany, Italy, Netherlands, China and Thailand. ATS can deliver localized service through a network of over 50 locations around the world. Management believes that ATS' scale and global footprint provide it with competitive advantages in winning large, multinational customer programs and in delivering a life-cycle-oriented service platform to customers' global operations.

Technical skills, capabilities and experience: ATS has designed, manufactured, assembled and serviced over 24,000 automation systems worldwide and has an extensive knowledge base and accumulated design expertise. Management believes ATS' broad experience in many different industrial markets and with diverse technologies, its talented workforce, which includes over 1,700 engineers and over 200 program management personnel, and its ability to provide custom automation, repeat automation, automation products and value-added services, position the Company well to serve complex customer programs in a variety of markets.

Product and technology portfolio: Through its history of bringing thousands of unique automation projects to market, ATS has developed an extensive product and technology portfolio. ATS has a number of standard automation platforms and products, including: innovative linear mover transport systems; robust cam-driven assembly platforms; advanced vision systems used to ensure product or process quality; progressive material handling technologies; test systems; factory management and intelligence software and other software solutions; aseptic processing and containment technologies and high-performance tube filling and cartoning systems. Management believes the Company's extensive product and technology portfolio provides advantages in developing unique and leading solutions for customers and in maintaining competitiveness.

Recognized brands: Management believes ATS is well known within the global automation industry due to its long history of innovation and broad scope of operations. In addition, ATS' subsidiaries include several strong brands: "sortimat", which specializes in the life sciences market; "IWK", which specializes in the packaging market; "Process Automation Solutions" ("PA"), which provides innovative automation solutions for process and production sectors; "KMW", which specializes in custom micro-assembly systems and test equipment solutions; and "Comecer", which provides high-tech automation systems for the nuclear medicine and pharmaceutical industries. Management believes that ATS' brand names and global reputation improve sales prospecting, allowing the Company to be considered for a wide variety of customer programs. .

Trusted customer relationships: ATS serves some of the world's largest multinational companies. Many customer relationships are long-standing, often spanning a decade or more, and many customers are repeat buyers who return to ATS and its subsidiaries time after time to meet their automation manufacturing, assembly, processing, and services' needs.

Total-solutions capabilities: Management believes the Company gains competitive advantages because ATS provides total turnkey solutions in automation. This allows customers to single-source their most complex projects to ATS rather than rely on multiple engineering firms and equipment builders. In addition, ATS can provide customers with other value-added services including pre-automation consulting, total cost of ownership studies, life cycle material management, post-automation service, training and support.

SUPPLY OF COMPONENTS AND RAW MATERIALS

ATS sources a wide variety of purchased goods from many suppliers depending on the requirements of the automation system application. In addition to metals and supplies, the Company often buys items such as industrial robots, controllers, machine vision systems, computers, computer control software, third party machines, conveyor material handling devices, software, sensors, bearings, pneumatic and hydraulic valves and cylinders. Most equipment and other supplies that are integrated into automation systems are typically available from several suppliers. Customers may specify a particular supplier for certain components of their automation system, and this specification may constrain the availability of that equipment or supply. Availability of such items has, to date, not caused any significant difficulties in ATS.

INTANGIBLES

The success of ATS depends in part upon its ability to protect its brands, intellectual property and proprietary technology. ATS relies primarily on patent, trademark, trade secret, copyright law and other contractual restrictions to protect its intellectual property. The Company holds various patents and patents pending in respect of several of its standard products, automation platforms, and technologies.

CYCLICALITY

Many of the individual markets served by the Company have tended to be cyclical in nature. Changes in economic environments, product life cycles and customer product demand within ATS' customer's markets may impact Order Bookings and revenues and the Company's earnings. To the extent the Company has not secured new Order Bookings sufficient to replace any reduction or loss of business that may arise under individually material contracts, the future revenues and earnings of ATS may be materially negatively impacted. Operating performance quarter to quarter may also be affected by the timing of revenue recognition on large programs in Order Backlog, which is impacted by such factors as customer delivery schedules, the timing of third-party content and by the timing of acquisitions. The Company's broad customer base and its strategy of diversification through participation in different industries and geographic regions are intended to provide opportunities to generate new revenue and help reduce cyclical risk associated with individual markets. However, because of globalization of markets, economic downturns may be broad-based across regions and industries.

ATS has experienced some seasonality with its Order Bookings, revenues and earnings from operations due to summer plant shutdowns by its customers.

ENVIRONMENTAL PROTECTION

The Company's operations are subject to regulation under various provincial, federal, state and international laws relating to environmental protection. The costs associated with complying with these laws and regulations have not historically been material to the Company. These and other environmental laws may become more stringent over time, may be instituted and enforced in other jurisdictions where the Company operates and may require ATS to incur substantial compliance costs.

EMPLOYEES

As at March 31, 2019, ATS employed approximately 4,400 people.

FOREIGN EXCHANGE

The operation and activities of the Company in foreign markets creates both foreign currency translation and transaction exposure to changes in exchange rates, primarily to the U.S. dollar and the Euro. Transaction risk may be significant during periods when the relative value of the Canadian dollar increases sharply against foreign currencies because contracts may be fixed at certain pre-determined exchange rates.

Earnings of the Company's foreign subsidiaries are translated into Canadian dollars each period. As a result, fluctuations in the value of the Canadian dollar relative to these other currencies will impact reported revenues and net income.

To reduce its estimated net foreign currency transaction exposure, the Company maintains a hedging program which is described in note 3 to the Company's audited consolidated financial statements for fiscal 2019. To the extent net foreign currency cash inflows are not fully hedged, strengthening of the Canadian currency, vis-à-vis these foreign currencies, will negatively impact the Company's earnings stated in Canadian dollars. The transaction hedging program helps mitigate the short-term impact of changes in exchange rates on the Company's revenues, earnings, balance sheet and Order Backlog while the Company seeks to adjust to longer-term changes in exchange rates and the impact on the Company's competitiveness in foreign markets.

To further reduce the longer-term impact of U.S. dollar currency movements on the Company's competitiveness, ATS has a significant operating presence in the United States and may also be able to manage the amount of foreign purchases in its Canadian operations to reduce its net currency exposure. However, the Company has significant competition located in the United States, and, to the extent the Company's Canadian operations are not able to adjust to changes in exchange rates by reducing costs, by increasing work in the United States, or by providing more valuable products that command higher prices, revenues and earnings could be negatively impacted. The Audit and Finance Committee of the Board of Directors reviews the Company's hedging policy. Management cannot predict the impact of future exchange rate fluctuations on the Company's results of operations and ATS may incur net foreign currency losses in the future. Therefore, fluctuations in currency exchange rates could have a material adverse effect on the Company's business, financial condition and results of operations.

FOREIGN OPERATIONS

ATS has manufacturing operations in Canada, the United States, Germany, Italy, Netherlands, China and Thailand. In addition, ATS delivers localized service through a network of over 50 locations around the world. In addition to the foreign exchange risk previously discussed, ATS is also subject to various other risks associated with operating in or servicing customers in foreign countries (see "RISK FACTORS"). The Company is dependent upon its foreign subsidiaries to serve its multinational customer base. Management believes that ATS' scale and global footprint provide it with competitive advantages in winning large, multinational customer programs and in delivering a life-cycle-oriented service platform to customers' global operations. Expanding ATS' business in emerging markets is an important element of its strategy and, as a result, ATS' exposure to the risks of operating in foreign countries may be greater in the future. The likelihood of such occurrences and their potential effect on ATS vary from country to country and may be unpredictable.

REORGANIZATIONS

In fiscal 2017, the Company initiated the closure of a U.S.-based operation to rebalance global capacity and improve the Company's cost structure, which resulted in charges of \$2.3 million being incurred in the year.

Following a thorough review of the Company's operations, including its global capabilities and leadership, in fiscal 2018 management initiated a restructuring plan that addressed the rationalization of divisions and business lines, as well as leadership and management changes. Specific actions under this plan included the closure of a division in each of the U.S. and southeast Asia and the rationalization of a business line at a division in Europe. The restructuring was designed to improve the Company's leadership and cost structure, and to enhance capacity utilization by realigning resources to areas of the business that will enable it to deliver increased value to customers and shareholders. The company incurred related expenses of \$11.2 million in fiscal 2018.

RISK FACTORS

In addition to the discussion of risks faced by the Company contained above in this AIF (see "NARRATIVE DESCRIPTION OF THE BUSINESS"), there are various other risks faced by the Company. The risks and uncertainties described below are not the only ones facing ATS. Additional risks and uncertainties that management is not aware of or has not focused on, or that management currently deems immaterial, may also impair the Company's business operations. If any of the following risks actually occur, they could materially adversely affect ATS' business, financial condition, liquidity or results of operations.

Market volatility risk. A prolonged or significant downturn in an economy where the Company operates could negatively impact Order Bookings and may add to volatility in Order Bookings. Impacts on demand for the Company's products and services may lag behind global macroeconomic trends due to the strategic nature of the Company's programs to its customers and long lead times on projects.

Strategy execution risks. In order to be successful, the Company must successfully execute upon its strategic initiatives and effectively manage the resulting changes in its operations. The Company's assumptions underlying its strategic plans may not be correct, the market may react negatively to these plans, the Company may be unable to successfully execute these plans, and even if successfully executed, its actions may not be effective or may not lead to the anticipated benefits within the expected time frame.

The Company has made, and will continue to make, judgments as to whether the Company should limit investment in, exit, or dispose of, its non-core businesses, and the terms and timing on which it will undertake any such actions. Any such actions may not proceed on terms or timing that is favourable to ATS, or at all, and may have ongoing risk and exposure post-execution of such actions. ATS' inability to proceed with such actions on terms and timing favourable to it may have a material adverse effect on the Company's business, results of operations and financial condition.

Any decision by ATS to further limit investment in, or exit or dispose of, its non-core businesses may result in the recording of additional restructuring and other charges. As well, future decisions respecting these businesses or market conditions may trigger further write-downs of the tangible and intangible assets of these non-core businesses following a review as to their recoverability, due to uncertainties in the estimates and assumptions used in asset valuations, which are based on its forecasts of future business performance, and accounting estimates related to the useful life and recoverability of the net book value of these assets, including inventory, goodwill, net future income taxes and other intangible assets.

Acquisition risks. The Company will continue to seek growth organically and through acquisition. This strategy may expose the Company to a number of risks, including but not limited to:

- assumption of liabilities of an acquired business, including liabilities that were unknown at the time the acquisition was negotiated;
- valuation methodologies may not accurately capture the value of the acquired business;
- failure to realize anticipated benefits, such as cost savings and revenue enhancements;
- difficulties relating to combining previously separate entities, where applicable, into a single, integrated, and efficient business;

- the effects of diverting management's attention from day-to-day operations to matters involving the integration of acquired companies;
- potentially substantial transaction costs associated with business combinations;
- potential impairment resulting from the overpayment for an acquisition;
- difficulties relating to assimilating the personnel, services, and systems of an acquired business and to assimilating marketing and other operational capabilities;
- increased burdens on the Company's staff and on its administrative, internal control and operating systems, which may hinder its legal and regulatory compliance activities; and
- difficulties in applying and integrating the Company's system of internal controls to an acquired business.

The Company seeks to leverage its organizational structure, the ABM and related business processes and experience to successfully integrate acquired businesses into the Company. If the Company is unable to invest in and successfully acquire and integrate new businesses, implement new equipment, systems, processes and facilities, the Company may be unable to expand its business as planned.

While the Company often obtains indemnification rights from the sellers of acquired businesses, such rights may be difficult to enforce, the losses may exceed any dedicated escrow funds, and the indemnitors may not have the ability to financially support the indemnity.

In addition, there is no assurance that ATS will continue to locate suitable acquisition targets or that it will be able to consummate any such transaction on terms and conditions acceptable to ATS. Existing cash balances and cash flow from operations, together with borrowing capacity under its senior secured credit facility, may be insufficient to make acquisitions. Credit market conditions may also make it more difficult and costly to finance acquisitions. Through acquisitions the Company may also enter into businesses it has not previously conducted and expose it to additional business risks that are different than those it has traditionally experienced.

Expansion risks. The Company may experience negative impacts on operating results during periods of rapid change. New employees added in highly skilled areas may take 12 months or more to become fully trained in ATS-specific technologies and procedures. New facilities may not be fully utilized immediately upon occupancy. Until new employees and new facilities are fully productive, operating margins may be lower than optimal. In addition, because of high recruiting and training costs and the competitive advantages of retaining a stable and experienced workforce, the Company may retain skilled workers during periods of reduced demand resulting in lower earnings and operating margins during such periods. ATS' strategy addresses expansion and a number of other objectives. There is potential for negative sentiment towards the Company and resulting impairment of the Company's reputation if this strategy does not meet with optimal reception by ATS' customers and/or the market in general or in the event of customer disputes or other performance issues.

Industry consolidation risk. The automation industry includes many small and medium sized companies and is therefore subject to potential consolidation, the result of which would be a reduction in the number and an increase in the size of companies that compete with ATS. If ATS' competitors consolidate, they likely will gain economies of scale that enhance their ability to compete with ATS and/or acquire additional expertise, products and technologies that could displace ATS' solutions, services, and product offerings.

Consolidation within ATS' customers' industries could affect ATS' customers and their relationships with ATS. If one of ATS' competitors' customers acquires any of ATS' customers, ATS may lose that business. As ATS customers become larger and more concentrated, they could exert pricing pressure on all suppliers, including ATS. Additionally, consolidation could contribute to volatility in Order Bookings, as larger, but fewer customers make what are often capital purchases on what is typically a relatively sporadic basis.

Liquidity, access to capital markets and leverage risk. ATS relies on long-term borrowings and access to revolving credit facilities to fund its ongoing operations. The Company's ability to refinance or renew such debt is dependent upon financial market conditions. Although ATS has Senior Notes maturing in 2023 and a senior secured credit facility that is committed to 2021, financing may not be available when required or may not be available on commercially favourable or otherwise satisfactory terms in the future. ATS may need

to raise additional debt or equity capital to fund strategic acquisitions, expand its operations, expand distribution networks, invest in partnerships and research and development, and to enhance its services and products, or to invest in or acquire additional capital projects or complementary products, services, businesses or technologies. The ability of ATS to arrange such financing to fund investments in future opportunities will depend in part upon prevailing capital market conditions as well as ATS' business performance. ATS' access to financial markets could be adversely impacted by various factors including: changes in credit markets that reduce available credit or the ability to renew existing facilities on acceptable terms or at all; a deterioration in ATS' financial situation that would violate current covenants and/or prohibit ATS from obtaining capital from banks, financial institutions, or investors; an adverse perception in capital markets of ATS' financial condition or prospects; a decline in credit ratings; extreme volatility in credit markets that increase margin or credit requirements; significant changes in market interest rates; general economic conditions; or volatility in ATS' results that would substantially increase the cost of its capital. A lowering or withdrawal of the debt ratings assigned to the Company and the Senior Notes by rating agencies may increase our future borrowing costs and reduce our access to capital. The debt under our Senior Notes currently has a non-investment grade rating, and any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Any future lowering of our rating may make it more difficult or more expensive for the Company to obtain additional debt financing.

Any debt financing secured by ATS in the future could involve restrictive covenants relating to its capital-raising activities and other financial and operational matters, which may make it more difficult for ATS to obtain additional capital and to pursue business opportunities, including potential acquisitions. There can be no assurance that ATS will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to management or at all. If ATS raises additional funds through further issuances of convertible debt or equity securities, its existing shareholders could suffer significant dilution, and any new equity securities ATS might issue could have rights, preferences and privileges superior to those attaching to its common shares.

If ATS raises additional funds through the issuance or incurrence of additional debt, the Company's degree of leverage could increase significantly and could have material adverse consequences for the Company, including: limiting the ability of the Company to further access financial markets as described above; having to dedicate a portion of the Company's cash flows from operations to the payment of interest on its existing indebtedness and not having such cash flows available for other purposes, including operations, capital expenditures and future business opportunities; exposing the Company to increased interest expense on borrowings at various rates; limiting the Company's ability to adjust to changing market conditions; placing the Company at a competitive disadvantage compared to its competitors that have less debt; making the Company vulnerable in a downturn in general economic conditions; and making the Company unable to make capital expenditures that are important to its growth and strategies. As the amount of debt issued or incurred by the Company increases, there is an increased risk that cash flows generated by the Company will be insufficient to service its debt obligations.

Restrictive covenants risk. The Company's existing senior secured credit facility and the note indenture pursuant to which the Company's Senior Notes were issued contain restrictive covenants that limit its ability to, among other things:

- borrow money or guarantee the debts of others;
- use certain assets as security in other transactions;
- incur or permit to exist certain liens;
- make loans or investments;
- sell, transfer or otherwise dispose of assets;
- pay dividends or make distributions; and
- consolidate, amalgamate or merge with or into other companies.

In addition, the senior secured credit facility is subject to a net debt-to-EBITDA test and an interest coverage test.

These restrictions could limit management's ability to plan for or react to market conditions or meet extraordinary capital needs and could otherwise restrict other financing activities.

ATS' ability to comply with the covenants and other terms of the senior secured credit facility and the note indenture will depend on future operating performance. If the Company fails to comply with such covenants and terms, it may be in default and the maturity of the related debt could be accelerated and become immediately due and payable. ATS may be required to obtain waivers from its lenders in order to maintain compliance, including waivers with respect to compliance with certain financial covenants. If ATS were unable to obtain necessary waivers and the payment of applicable debt was accelerated, the Company may not have sufficient cash or other assets to repay the debt. In such a case, the Company would be required to seek replacement financing at prevailing market rates. There can be no assurance that the Company would be able to obtain replacement financing on acceptable terms, or at all. If the Company becomes unable to pay its debt service charges or otherwise commits an event of default, lenders to the Company may be able to foreclose on or sell the assets of the Company and/or its subsidiaries.

Availability of performance and other guarantees from financial institutions risk. In the normal conduct of its operations, the Company may provide guarantees as security for advances received from customers pending delivery and contract performance. Some customers require that such performance guarantees be issued by a financial institution. In addition, the Company provides guarantees from financial institutions for post-retirement obligations and may provide guarantees from financial institutions as security on equipment under lease and on order. The Company's ability to obtain these guarantees is dependent on its creditworthiness.

If, in the future, ATS cannot obtain such a guarantee from a financial institution on commercially reasonable terms or at all, the Company could be prevented from bidding on, or obtaining, some contracts, or costs with respect to such contracts could be higher, which would reduce the profitability of the contracts. If ATS cannot obtain guarantees on commercially reasonable terms or at all from financial institutions in the future, there could be a material impact on its business, financial condition, results of operations or liquidity.

Share price volatility risk. The trading price of the common shares of the Company has in the past been, and may continue to be, subject to significant fluctuations. This may make it more difficult for holders of common shares of the Company to resell their common shares when they want at prices that they find attractive. These fluctuations may be caused by events related or unrelated to the Company's operating performance and beyond its control. Factors that may contribute to fluctuations include, but are not limited to:

- revenues, margins, Order Bookings or results of operations in any quarter failing to meet the expectations, published or otherwise, of the investment community;
- changes in recommendations or financial estimates by industry or investment analysts;
- changes in management or the composition of the Company's board of directors;
- outcomes of litigation or arbitration proceedings;
- announcements of technological or competitive developments by the Company or its competitors;
- introduction of new products or the gain or loss of significant customer contracts or relationships by the Company or its competitors;
- developments with respect to the Company's intellectual property rights or those of the Company's competitors;
- rumours or dissemination of false and/or misleading information;
- fluctuations in the share prices of other companies operating in business sectors comparable to those that the Company operates in;
- changes in the industries in which the Company or its customers operate;
- general market or economic conditions; and
- other risk factors set out in this AIF.

If the market price of the common shares of the Company drops significantly, holders of common shares of the Company could institute securities litigation, including class action lawsuits, against the Company, regardless of the merits of such claims. Such a lawsuit could cause the Company to incur substantial costs and could divert the time and attention of its management and other resources from its business.

Competition risk. ATS' current and potential competitors may have greater brand name recognition, more established distribution networks, access to larger customer bases, and substantially greater financial, distribution, technical, sales and marketing, manufacturing and other resources than ATS does. As a result,

those competitors may have advantages relative to ATS, including stronger bargaining power with suppliers that may result in more favourable pricing, the ability to secure supplies at times of shortages, economies of scale in production, the ability to respond more quickly to changing customer demands and the ability to devote greater resources to the development, promotion and sales of their products and services. Additionally, ATS is facing increased competition from suppliers that have manufacturing operations in low-cost countries. While ATS continues to utilize its current manufacturing footprint to take advantage of manufacturing opportunities in low-cost countries, management cannot guarantee that ATS will be able to fully realize such opportunities. If the Company is unable to compete effectively, it may experience a loss of market share or reduced profitability.

ATS obtains a significant portion of its contracts through competitive bidding processes that subject ATS to the risk that it will expend substantial time and effort on proposals for contracts that may not be awarded to it. ATS cannot assure that it will continue to win competitively awarded contracts at the same rate as in the past.

First-time program and production risks. The automation systems and services provided by ATS are highly customized. Customers may purchase repeat automation systems subsequent to an initial system purchase. ATS' earnings and operating margins may be impacted by changes in the proportion of revenue derived from first-time automation systems projects compared to repeat automation systems projects. First-time systems may have lower margins than repeat systems because the technical risks associated with the development of such projects are higher and the costs of non-recurring engineering and development may be higher than the amounts provided for in the Company's quotation. In addition, all first time projects inherently involve higher risk in terms of cost estimates, project schedule, and project execution. Repeat systems may be completed more quickly, with greater certainty of outcome, at lower costs and with better margins because the development work was completed on previous projects. Projects from first-time customers also have increased risk of lower margins as customer expectations may vary from those of the Company, resulting in higher costs to achieve customer acceptance of the order.

Automation systems pricing risk. Prices and terms for individual contracts are typically negotiated between ATS and its customers. Profit margins vary depending on a number of factors, including, but not limited to, market conditions, technical risk, proper cost estimates, project execution, competition, the results of negotiation and revenue mix.

The nature of the Company's contracts with its customers requires the use of estimates to quote new business and many contracts are entered into on a fixed-price basis. If the actual costs incurred by the Company to complete a contract are significantly higher than estimated, the Company's earnings may be negatively affected. Revenues on fixed price contracts and other long-term contracts are usually recognized on a percentage of completion basis as outlined in note 3(c) "Construction contracts" of the Company's audited consolidated financial statements. Judgment is required in determining the estimated costs to complete a contract. These cost estimates are reviewed at each reporting period and by their nature may give rise to income volatility. The use of estimates involve risks, since the work to be performed involves varying degrees of technical uncertainty, including possible development work to meet the customer's specification, the extent of which is sometimes not determinable at the time the estimate is made. In the event the Company is unable to meet the defined performance specification in a contract, it may need to rework (potentially including redesign and rebuild) all or a portion of the system at its expense without an increase in the selling price. Certain contracts may have provisions that reduce the selling price or require a refund of purchase price if the Company fails to deliver or complete the contract by specified dates. These provisions may expose the Company to liabilities or adversely affect the Company's results of operations or financial position.

Revenue mix risk. An automation systems order typically requires ATS to integrate third-party content (third-party equipment, components and subcontract work) with its own products and services (ATS value-added) to produce a complete automated manufacturing system. Third-party content typically comprises a significant portion of the total value of an automation systems order. Specific third-party equipment, reflecting the functional requirements of the system, is often required under the terms of the customer's order. ATS subcontracts work on an automation systems order as required to supplement internal resources and to manage capacity and customer delivery schedules. The amount of revenue ATS earns from third-party content in automation systems in a particular reporting period depends primarily on the value of such content integrated by ATS during that period. The amount of third-party content may be subject to significant

fluctuations from period to period and depends upon the nature and specifications of the automation systems orders in process, the value and timing of deliveries of third-party content, and the amount of subcontracting used in the period.

The Company may earn lower margins on third-party content compared to margins from ATS value-added content. Therefore, higher-than-normal third-party content in a period may increase revenues while diluting margins, whereas lower third-party content in a period may reduce revenues and increase margins.

Pricing, quality, delivery and volume risk. Variations from planned volumes may occur for a number of reasons including changes in demand for the customer's end product, capacity constraints, quality problems, competition and obsolescence. Significant changes in volumes could have a material impact on the level of fixed cost absorption and the profitability of ATS. Cancellations or rescheduling of customer orders which may be part of the Company's Order Bookings or Order Backlog could result in the delay or loss of anticipated sales or revenue without allowing sufficient time to reduce or delay the recognition of corresponding inventory and operating expenses. For these reasons Order Bookings and Order Backlog may not necessarily be indicative of future earnings of the Company.

ATS is required to remain competitive on price, quality and delivery as a condition of many of its contracts. Pricing is often subject to revision and adjustment as a result of negotiations and cost reduction obligations to which the Company may be subject. Price reductions may also be mandatory under the terms of some contracts. The Company may also believe it necessary to voluntarily reduce prices as a way to secure higher proportions of customers' orders when competitive circumstances exist. To the extent ATS is obligated, or agrees, to reduce prices and the impact of these reduced prices is not offset through cost reductions or efficiencies gained from higher volumes, operating margins and earnings will be negatively impacted. Failure to remain competitive on price, quality and delivery may result in the loss of single source status (if in place), reduced shipments and possible termination of the contract.

Product failure risks. Products and equipment manufactured by ATS are very customized, highly complex and sophisticated and may contain defects that are difficult to detect and correct. Defects may be found in ATS' products or equipment after they are delivered to the customer and have been fully deployed and operated under peak stress conditions. Correcting such defects could require significant costs and ATS may not be able to correct such defects in a timely manner, or at all. In addition, some of ATS' products and equipment are combined with products from other suppliers, which may contain defects. As a result, should problems occur, it may be difficult to identify the source of the problem. The occurrence of such defects and failures could result in delays in delivery, warranty claims, significant re-engineering costs, and diversion of development and engineering resources that affect the profitability of a particular contract. It could also result in the loss of customers, failure to attract new customers or achieve market acceptance, or significant impact on business reputation.

ATS provides warranties for its products and equipment and accrues allowances for estimated warranty costs. The determination of such allowances requires management to make estimates of product return rates and expected costs to repair or replace the products or equipment under warranty. Management establishes warranty reserves based on historical warranty costs, and accordingly, if actual return rates or repair and replacement costs differ significantly from such estimates, adjustments to recognize additional cost of sales may be required in future periods.

ATS often manufactures or assembles products based on the specifications of third parties. Although the Company takes steps to contractually reduce the risk of product liability-related claims, the success of these measures cannot be assured with certainty. The effectiveness of such contractual limitations of liability depends, to a significant degree, on judicial decisions and the application of ever-developing jurisprudence in each of the jurisdictions in which the Company operates. These liabilities could exceed ATS' insurance coverage, or impact the Company's ability to obtain insurance in the future.

New product market acceptance, obsolescence, and commercialization risk. Market risk for new or developing technologies such as automation technology platforms is higher than for the Company's more established customer solutions and products. There is no assurance that new products will be accepted by the market, that planned volumes will be realized over the product life or that the product life will not be shorter than expected due to product obsolescence or competitive products in the marketplace. New products that

are launched by ATS, or its competitors, may also have price or other advantages over earlier generations of products which compete for the same business, resulting in inventory obsolescence. In addition, newer product offerings may also require more significant marketing and sales efforts to gain market acceptance.

Security breaches or disruptions of information technology systems risk. ATS utilizes a variety of information technology systems to manage and operate its businesses. These information systems may be owned and maintained by the Company, outsource providers or third parties such as vendors and contractors. These information systems are subject to attacks, failures, and access denials from a number of potential sources including hackers, viruses, destructive or inadequate code, power failures, and physical damage to computers, hard drives, communication lines and networking equipment. Despite the implementation of extensive security measures (including access controls, data encryption, vulnerability assessments, continuous monitoring, and maintenance of back-up and protective systems), the Company's information technology systems are potentially vulnerable to interruptions or delays, unauthorized access, computer viruses, cyber-attack and other events, ranging from individual attempts to advanced persistent threats. It is possible a security breach could result in theft of trade secrets or other intellectual property or disclosure of confidential customer, supplier or employee information. Should the Company be unable to prevent security breaches, disruptions could have an adverse effect on the Company's operations and financial results, as well as expose the Company to litigation, increased cyber security protection costs, and reputational damage.

Insurance coverage risk. ATS maintains property, business interruption, casualty insurance, credit insurance and other coverages but such insurance may not cover all risks associated with the hazards of the Company's business and is subject to limitations, including policy exclusions, deductibles and maximum liabilities covered. The Company is potentially at risk if one or more of its insurance carriers fail. Additionally, severe disruptions in the domestic and global financial markets could adversely impact the ratings and survival of some insurers. In the future, ATS may not be able to obtain coverage at current levels, if at all, and premiums may increase significantly on coverage that is currently maintained.

Availability of raw materials and other manufacturing inputs risk. Inability to secure enough raw materials and other inputs to meet sales demands could negatively impact sales and earnings. Most equipment and other supplies that are integrated into automation systems are typically available from several suppliers. Customers may specify a particular supplier for certain components of their automation system, and this specification may constrain the availability of that equipment or supply. Changes in prices for raw materials may not be recoverable through price changes under the contract terms with the Company's customers. Rapid changes in raw material costs are likely to have a related impact on the profitability of ATS.

Customer risks. Major changes in the economic situation of the Company's customer base could subject ATS to credit risks that may impair the collectability of accounts receivable and/or construction contracts in process from customers. In difficult economic periods, ATS' customers may lose work and find it difficult to pay for products or services purchased from ATS. Although credit reviews may be done at the time of sale, rapidly changing economic conditions can have sudden impacts on customers' ability to pay. Although the Company may from time to time purchase insurance to mitigate this risk in relation to specific customers, not all customers and contracts are eligible for this insurance and the cost of this insurance has a negative impact on the Company's earnings.

Many of the Company's customers fund the purchase of ATS systems out of capital budgets. These capital budgets may in some cases be financed by the customer through external third parties. In a poor economic or industry climate, ATS' customers may choose to defer capital expenditures and/or be unable to finance those expenditures, in either case resulting in a negative impact on the Company's earnings. Capital expenditures are, by their very nature, more sporadic than other expenses regularly incurred by ATS' customers. This may add to volatility in Order Bookings and revenues for ATS.

ATS' strategy is to pursue larger enterprise programs with its customers, often well in excess of \$10 million. Due to the size and frequency of these programs, they can cause volatility in both ATS' Order Bookings and revenues.

Many of ATS' customers are large and are able to exert significant leverage in negotiating contractual terms and may operate in an industry where customer-friendly terms are widely accepted. ATS may in its normal

course enter into customer contracts with terms and conditions that expose ATS to risk and liability in the event of non-performance.

The highly complex and customized nature of the systems sold by ATS give rise to a greater risk of project delay, inability to meet specifications, inability to satisfy customer demands, and other project failures. To the extent any of these risks materialize on a customer project, ATS may be subject to exposure on that project and its reputation may suffer generally with existing and potential customers, all of which may have a material adverse effect on its business, financial condition or results of operations.

ATS' success depends in part on its ability to anticipate and offer products, technologies and services that appeal to the changing needs and preferences of customers in the various markets the Company serves. Developing new products requires high levels of innovation, and the development process is often lengthy and costly. If management is not able to anticipate, identify, develop and market products that respond to changes in customer preferences, demand for products, and services could decline.

Insolvency or financial distress of third parties risk. ATS is exposed to the risk that third parties to various arrangements who owe ATS money or goods and services, or who purchase goods and services from ATS, will not be able to perform their obligations or continue to place orders due to insolvency or financial distress. If third parties fail to perform their obligations under arrangements with ATS, ATS may be unable to recover obligations owed to it or may be forced to replace the underlying commitment at current or above market prices or on other terms that are less favorable to ATS. In such events, ATS may incur losses, or results of operations, financial condition or liquidity could otherwise be adversely affected.

Availability of human resources and dependence on key personnel risk. Management believes that to increase capacity it must continue to attract, retain and develop employees whose specialized skills are increasingly in demand. The Company's future success also depends upon a number of key members of ATS senior management. The unexpected loss or departure of any of the Company's key officers or employees could be detrimental to the future operations of the Company. There can be no assurance that the Company will be able to engage the services of such personnel or retain its current personnel.

The industries in which ATS participates are constantly undergoing development and change, and it is likely that their automation needs will change in the future as new products and technologies are introduced. The Company may need to make significant expenditures to train its employees and/or identify and hire new employees to keep pace with customer demands. ATS may not be successful in retaining existing employees or attracting required new talent.

ATS is party to several collective agreements throughout its business segments, which may be subject to expiration at various times in the future. If these collective agreements are not successfully renewed as they become subject to renegotiation from time to time, this could result in work stoppages and other labour disturbances.

Cumulative loss of several significant contracts risk. The Company often enters into large, project-oriented contracts and service agreements. These agreements may be terminated or breached, or customers may fail to renew these agreements. If ATS were to lose several significant agreements and fail to develop alternative business opportunities, the Company could experience a material adverse effect on its business, financial condition, results of operations, and cash flows.

Lengthy sales cycles risk. ATS' customers may need several months to evaluate and approve the capital investment that is typical in committing to purchase an automated manufacturing solution. In addition, the customer's internal approval process may be delayed beyond original expectations or result in the capital investment not being approved. This could result in the delay or loss of anticipated revenues from the customer contract being pursued. As a result of this lengthy sales cycle, the Company may incur significant selling, general and administrative expenses before generating the related revenues, and the anticipated revenues may never be realized if the customer cancels an order or changes its plans.

Lack of long-term customer commitment risk. Sales of ATS automation solutions and services are often made pursuant to individual purchase orders or contracts and not under long-term commitments. The Company's customers frequently do not provide any assurance of minimum or future sales and are generally

not contractually prohibited from purchasing alternative systems from ATS' competitors at any time. Accordingly, the Company is exposed to competitive pricing pressures on each potential order. ATS customers may also engage in the practice of purchasing products from more than one manufacturer to avoid dependence on sole-source suppliers for certain of their needs. The existence of these practices may make it more difficult for ATS to increase prices, gain new customers and win repeat business from existing customers.

Foreign exchange risk. The operation and activities of the Company in foreign markets creates both foreign currency translation and transaction exposure to changes in exchange rates, primarily to the US dollar and the Euro. This transaction risk is significant during periods when the relative value of the Canadian dollar increases sharply against foreign currencies because contracts may be fixed at certain pre-determined exchange rates. Unfavorable currency fluctuations could require the Company to increase prices to foreign customers, which could result in lower net sales to such customers.

Earnings of the Company's foreign subsidiaries are translated into Canadian dollars each period. As a result, fluctuations in the value of the Canadian dollar relative to these other currencies will impact reported revenues and net income. Foreign currency risks arising from the translation of assets and liabilities of foreign operations into the Company's functional currency are generally not hedged.

The Company maintains a hedging program with respect to foreign currency cash inflows, but to the extent such inflows are not fully hedged, strengthening of the Canadian currency, vis-à-vis these foreign currencies, will negatively impact the Company's earnings stated in Canadian dollars.

Doing business in foreign countries risk. ATS has direct operations in both Europe and Asia. In addition to the foreign exchange risk previously discussed, ATS is also subject to various other risks associated with operating in or servicing customers in foreign countries, including: the cost and complexity of using foreign representatives and consultants; complying with laws in multiple jurisdictions; contracting under foreign laws without advice from local counsel; inability to recruit qualified personnel in a specific country or region; difficulty in staffing foreign operations in diverse cultures; language barriers, conflicting international business practices; difficulty in establishing and maintaining relationships with local vendors; trade, customs and tax risks, such as the imposition of tariffs, embargoes, controls and other restrictions impeding the free flow of goods, information and capital; difficulties in obtaining financing and/or insurance coverage from export credit agencies; fluctuations in foreign currency exchange and interest rates, particularly in Europe and Asia; transportation delays and interruptions; increases in shipping costs or increases in fuel costs; longer payment cycles; greater difficulty in collecting accounts receivable; insufficient infrastructure; use of incompatible systems and equipment; increases in working capital requirements related to long supply chains; difficulty in protecting intellectual property rights; multiple, and possibly overlapping, tax structures; potentially adverse tax assessments; foreign state takeovers of our facilities; climatic or other natural disasters; acts of war or terrorism; general changes in economic and geopolitical conditions that may affect local economies and access; and other difficulties related to the management and administration of a global business. Expanding ATS' business in emerging markets is an important element of its strategy and, as a result, ATS' exposure to the risks previously described may be greater in the future. The likelihood of such occurrences and their potential effect on ATS vary from country to country and may be unpredictable. To the extent the Company's operations are affected by the factors listed above, its business, financial condition and results from operations may be adversely affected.

Legislative compliance risk. In operating its business, ATS must comply with a variety of laws and regulations in each of the countries in which it operates to meet its corporate and social responsibilities and to avoid the risk of financial penalties and/or criminal and civil liability for its officers and directors. Areas of principal risk are environment, health and safety, import, export, licensing, competition law, privacy, anti-bribery disclosure, securities, insider trading, and other laws and regulations. Failure to comply with applicable regulations could result in sanctions and financial penalties by regulatory bodies that could impact ATS' earnings and reputation. ATS customers also may be required to comply with such legislative and regulatory requirements, and a failure to comply by any such customer could adversely affect such customer's ability to purchase ATS products and services. Changes in these requirements could impact demand for ATS products, solutions and services.

Additionally, legislative and regulatory action may be taken in the various countries and other jurisdictions where ATS operates that may affect ATS' business activities in these countries or may otherwise increase the costs of doing business. For example, ATS operates in the life sciences, pharmaceuticals, nuclear medicine and chemicals markets, markets that increasingly require compliance with various product, certification and safety laws and regulations. Customers may also be required to comply with such legislative and regulatory requirements. These requirements could increase ATS' costs and could potentially have an adverse effect on ATS' ability to do business in certain jurisdictions. Changes in these requirements could also impact demand for ATS' products, technologies and services. ATS is required to comply with increasing privacy regulation, including the European Union's General Data Protection Regulation, which could increase ATS' operating costs as part of efforts to protect and safeguard sensitive data and personal information. Additionally, failure to maintain information privacy could result in legal liability or reputational harm.

Environmental compliance risk. ATS is required to comply with all foreign, national and local laws and regulations regarding the operation of industrial facilities, pollution control, environmental protection, and health and safety. In addition, under some statutes and regulations, a government agency or other parties may seek recovery and response costs from operators of facilities where releases of hazardous substances have occurred or are ongoing, even if the operator was not responsible for such release or otherwise at fault. ATS may use, store, generate and discharge toxic, volatile and hazardous chemicals and wastes in its research and development and manufacturing activities. Failure to comply with present or future environmental laws, rules and regulations may result in substantial fines, suspension of production or cessation of operations. In addition, if more stringent laws and regulations are adopted in the future, the costs of compliance with these new laws and regulations could be substantial or could impose significant changes in ATS' manufacturing process. Should ATS discover contamination at properties that it owns or operates, ATS could be required to conduct investigative or remedial activities that could have a material adverse effect on its financial condition and operating results.

Corruption of Foreign Public Officials Act (CFPOA), United States Foreign Corrupt Practices Act (FCPA) and Anti-bribery laws risk. ATS is subject to compliance with various laws and regulations, including the Canadian CFPOA, the United States FCPA and similar worldwide anti-bribery laws, which generally prohibit companies and their intermediaries from engaging in bribery or making other improper payments to foreign officials for the purpose of obtaining or retaining business or gaining an unfair business advantage. ATS employees are trained and required to comply with these laws, and ATS is committed to legal compliance and corporate ethics. The Company operates in jurisdictions that have experienced governmental and private sector corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. There is no assurance that the Company's training and compliance programs will protect it from acts committed by its employees, affiliates or agents. Violations of these laws could result in severe criminal or civil sanctions and financial penalties and other consequences that may have a material adverse effect on ATS business, reputation, financial condition or results of operations.

Intellectual property protection risks. The success of ATS depends in part upon its ability to protect its intellectual property and proprietary technology. ATS relies primarily on patent, trademark, trade secret, copyright law and other contractual restrictions to protect its intellectual property. Nevertheless, these afford only limited protection and the actions ATS takes to protect its intellectual property rights may not be adequate. In addition, the laws of some foreign countries in which ATS operates, do not protect intellectual property rights to the same extent as Canada or the United States. It is possible that: some or all of ATS' confidentiality agreements will not be honoured; disputes will arise with customers, consultants, strategic partners or others concerning the ownership of intellectual property; unauthorized disclosure of ATS' know-how, trade secrets and other confidential information will occur; or third parties may copy, infringe, misappropriate or reverse engineer ATS' proprietary technologies or other intellectual property rights.

ATS' success and ability to compete is impacted by the patent protection it obtains for its proprietary technology. ATS holds a number of patents and has made applications for other patents. ATS' patent applications may not result in issued patents, and even if they result in issued patents, the patents may not have claims of the scope ATS seeks. In addition, any issued patents may be challenged, invalidated or declared unenforceable, or competitors could develop similar or more advantageous technologies on their own or design around ATS' patents. The value of ATS' patents depends in part on their duration. Shorter periods of patent protection are relatively less valuable. Because the period between the filing of a patent

application to the issuance of a patent is often longer than three years, a 20-year patent term from the filing date may result in substantially shorter patent protection. In some cases, ATS may need to re-file some patent applications and, in these situations, the patent term will be measured from the filing date of the earliest prior application to which benefit of earlier filing date in the applicable jurisdiction is claimed in such a patent application. This would also shorten ATS' period of patent exclusivity. Similarly, because of the extensive time required for the development and commercialization of products based on ATS' technologies, it is possible that, before some products can be commercialized, any related patents may expire or remain in force for only a short period following commercialization, thereby reducing any advantages of these patents and making it unlikely that ATS will be able to recover investments it has made to develop its technologies and products based on its technologies. A shortened period of patent exclusivity, resulting from a change in patent laws, the passage of time, or otherwise, may negatively impact ATS revenue protected by its patents.

Policing unauthorized use of proprietary technology can be difficult and expensive. Also, litigation may be necessary to enforce ATS' intellectual property rights, protect its trade secrets or determine the validity and scope of the proprietary rights of others. The outcome of any such potential litigation may not be in ATS' favour. Such litigation may be costly and may divert management attention away from ATS' business. In certain situations, ATS may have to bring such suit in foreign jurisdictions, in which case it is subject to additional risk associated with the result of the proceedings and the amount of damage that it can recover. Certain foreign jurisdictions may not provide protection to intellectual property comparable to that provided in the United States and Canada. An adverse determination in any such litigation would impair ATS' intellectual property rights and may harm its business, financial condition and results of operations. ATS' present and future patents may provide only limited protection for its technology and may not be sufficient to provide ATS with competitive advantages. In addition, given the costs of obtaining patent protection, ATS may choose not to protect certain innovations that later turn out to be important.

Any inability to obtain or adequately protect ATS' proprietary rights could harm its ability to compete, generate revenue and grow its business, which could have a material adverse effect on its business, financial conditions and results of operations.

Infringement of third parties' intellectual property rights risk. ATS' success depends on its ability to use and develop its technology and know-how without infringing the intellectual property rights of third parties. The validity and scope of claims relating to patents involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. ATS may be unaware that it infringes third-party intellectual property rights, in particular process-related patents. This risk may be greater for ATS as its business involves the continuous development of custom solutions for its customers and therefore the potential generation of new technology that could be subject to third-party challenge. ATS may become subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. The defence and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of ATS' technical and management personnel. An adverse determination in any such litigation or proceedings to which ATS may become a party could subject ATS to significant liability to third parties, require ATS to seek licenses from third parties, to pay ongoing royalties, or to redesign its products, or subject ATS to injunctions prohibiting the manufacture and sale of ATS' products or the use of its technologies. Protracted litigation could also result in ATS' customers or potential customers deferring or limiting their purchases or use of ATS' products until resolution of such litigation. All these judgments could materially damage ATS' business and financial results. ATS believes that as technology evolves, it may have to develop alternative non-infringing technology, and its failure to do so or obtain licenses to the proprietary rights on a timely basis if at all, or on desired terms could have a material adverse effect on its business, financial condition and results of operations.

Internal controls risk. Effective internal controls are necessary for ATS to provide reliable financial reports and effectively prevent fraud. Under Canadian securities law requirements, ATS' Chief Executive Officer and Chief Financial Officer are required to certify that they are responsible for establishing and maintaining disclosure controls and internal controls over financial reporting for the Company, that those disclosure controls and internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS"). ATS maintains compliance with Canadian securities law requirements by strengthening, assessing and testing the system of internal controls to provide the basis

for the certification. However, the continuous process of strengthening ATS' internal controls and complying with Canadian securities law requirements is expensive and time consuming. ATS cannot be certain that the measures it is taking will ensure that it maintains adequate control over financial processes and reporting. Furthermore, as ATS grows its business, the controls will become more complex and the Company could require more resources to ensure its internal controls remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm ATS' results of operations or cause it to fail to meet its reporting obligations. If ATS or its independent registered public accounting firm discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in ATS' audited consolidated financial statements and harm its share price. In addition, future non-compliance with the Canadian securities law requirements could subject ATS to a variety of administrative sanctions, including the suspension of trading or delisting of its common shares, which could materially adversely affect its share price.

Impairment of intangible assets risk. As of March 31, 2019, the Company had \$551.6 million of goodwill and \$213.9 million in net intangible assets, primarily as a result of its acquisitions. The Company assesses its goodwill for impairment and the estimated useful lives of its identifiable intangible assets on an annual basis, taking into consideration any events or circumstances that might result in either a diminished fair value, or for intangible assets, a revised useful life. These events and circumstances include significant changes in the business climate, legal factors, operating performance indicators, advances in technology and competition. Any impairment or revised useful life could have a material and adverse effect the Company's financial position and results of operations, and could materially adversely affect its share price.

Income and other taxes and uncertain tax liabilities risk. The Company operates and is subject to income tax and other forms of taxation (which are not based upon income) in numerous tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Company's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation.

The Company may have exposure to greater than anticipated tax liabilities or expenses. The Company is subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities. The determination of the Company's worldwide provision for income taxes and other tax liabilities requires significant judgment. Tax filings are subject to audits, which could materially change the amount of current and deferred income tax assets and liabilities. As outlined in note 17 to the audited consolidated financial statements, the Company has unrecognized deferred income tax assets which are reassessed at each reporting date and are recognized to the extent that it has become probable the benefit will be recovered. If the Company achieves a consistent level of profitability, the likelihood of recording a deferred income tax asset on its consolidated balance sheets for some portion of the losses incurred in prior periods in one of its business jurisdictions will increase. Any change to the recognition of the deferred income tax asset would also result in an income tax recovery or income tax expense, as applicable, on the Company's consolidated statements of operations in the period in which the recognition of assets is changed. In addition, if the Company has recorded a deferred income tax asset on the consolidated balance sheets, it will record income tax expense in any period in which it uses that deferred income tax asset to offset any income tax payable in that period, reducing net income reported for that period, perhaps materially.

Variations in quarterly results risk. The revenues, operating margins and earnings of ATS may vary from quarter to quarter as a result of risk factors discussed in this AIF and ATS' results of operations in some quarters may be below market expectations, which may have a material adverse effect on the price of ATS' common shares. ATS' quarterly results of operations may be substantially affected by a number of factors, many of which are outside of management's control, including: changes in the proportion of revenue derived from the different activities of the Company; the proportions of ATS revenue derived from repeat systems and first-time systems; different margins on work performed; acquisitions; cost of work force reductions and severances; rate of capacity utilization and expansion; changes in the mix of products sold and value-added services provided; variations in capital expenditures and unplanned additional expenses such as manufacturing failures, defects, and changes in manufacturing costs; number of new employees added in a period; level of general and administrative expenses required to support the Company's growth; level and timing of research and development activities; expenses associated with the rationalization of operations

including the closing of facilities; the availability and pricing of raw materials; unpredictable volume and timing of customer orders or the loss of, or a significant reduction or postponement in orders from, one or more key customers; the timing of new product or technology announcements or introductions by ATS' competitors and other developments in the competitive environment; costs of resolving customer disputes; bad debt expenses; changes in the Company's stock price which can cause volatility in the Company's stock-based compensation expenses; changes in prevailing currency exchange rates which are used to translate the financial results of foreign subsidiaries into Canadian dollars; and the other risk factors identified in this AIF.

Litigation risk. ATS is subject to numerous risks relating to legal proceedings to which it is currently a party or that could develop in the future. In the ordinary course of its business, ATS may become subject to actual or threatened litigation and legal claims, including but not limited to, suits involving allegations of failure of automation systems to meet specifications, late and/or improper delivery of goods or services, product liability, wrongful dismissal, product defects, quality problems and intellectual property infringement. Such claims, even those that may ultimately prove to be without merit, can be time-consuming and expensive to defend. Although management is unaware of any material claims against it that have not been reflected in its audited consolidated financial statements, there can be no assurance that third parties will not assert claims against ATS in the future or that any such assertion will not result in costly litigation, or a requirement that ATS enter into costly settlement arrangements. There can be no assurance that such arrangements will be available on reasonable terms, or at all. Any litigation may have a material adverse effect on ATS' business, reputation, financial condition or results of operations.

Litigation and regulatory proceedings are subject to inherent uncertainties and unfavorable rulings can and do occur. Pending or future claims against ATS could result in professional liability, product liability, criminal liability, warranty obligations, and other liabilities which, to the extent ATS is not insured against a loss or its insurer fails to provide coverage, could have a material adverse impact on its business, financial condition, and results of operations.

Natural disasters, pandemics, acts of war, terrorism, international conflicts or other disruptions risk. Natural disasters, pandemics, acts or threats of war or terrorism, international conflicts, political instability, and the actions taken by governments could cause damage to or disrupt ATS' business operations, suppliers or customers, and could create economic instability. Although it is not possible to predict such events or their consequences, these events could decrease demand for the Company's products and services or make it difficult or impossible for the Company to deliver products and services. If ATS cannot complete its contracts on time, it may be subject to potential liability claims from its customers.

Manufacturing facilities disruption risk. ATS has a limited number of manufacturing facilities, including some in lesser developed countries. If the operations at any one of these facilities were disrupted as a result of a natural disaster, fire, power or other utility outage, work stoppage or other similar event, the Company's business could be seriously harmed because the Company may be unable to complete and ship an automation system, product or parts to customers in a timely fashion. The impact of any disruption at one of ATS' facilities may be exacerbated if the disruption occurs at a time when the Company needs to rapidly increase capacity to meet increased demand or expedited shipment schedules.

Restructuring and work stoppage risk. In order to align resources with growth strategies, operate more efficiently and control costs, ATS periodically announces restructuring plans, which may include workforce reductions, facilities closures and consolidations, asset impairments and other cost reduction initiatives. ATS may undertake additional restructuring actions and workforce reductions in the future. As these plans and actions are complex, unforeseen factors could result in expected savings and benefits to be delayed or not realized to the full extent planned, and ATS' operations and business may be disrupted. For example, although ATS believes that its relations with the labor unions and works councils that represent ATS' employees are generally good and although ATS has not experienced any material strikes or work stoppages recently, no assurances can be made that ATS will not experience these in the future due to restructuring plans or other actions taken by ATS that may result in conflict with labor unions, work councils, other groups representing employees or ATS employees generally, or that any future negotiations with labour unions will not result in significant increases in ATS' cost of labour.

Dependence on performance of subsidiaries risk. Among ATS' principal assets are the equity interests it owns in its operating subsidiaries. As a result, ATS may be dependent upon cash dividends, distributions

or other transfers it receives from its subsidiaries in order to repay any debt it may incur and to meet its other obligations. The ability of ATS' subsidiaries to pay dividends and make payments to ATS will depend on their results of operations and may be restricted by, among other things, applicable corporate, tax and other laws and regulations and agreements of those subsidiaries. ATS' subsidiaries are separate and distinct legal entities. Any right that ATS has to receive any assets of or distributions from any subsidiary upon its bankruptcy, dissolution, liquidation or reorganization, or to realize proceeds from the sale of the assets of any subsidiary, will be junior to the claims of that subsidiary's creditors, including trade creditors. ATS may also be exposed to claims upon insolvency of a subsidiary in some jurisdictions where local laws or case law may provide for recourse against shareholders especially when assets are insufficient to cover liabilities, including employees' redundancy costs. In addition, ATS or its subsidiaries may enter into joint ventures with third parties as a means to execute their business strategies. ATS' ability to access its assets, including cash in these joint ventures, may be restricted by the governing documents of any such joint ventures.

DIVIDEND POLICY

ATS has not paid any dividends during the last five fiscal years. ATS does not currently contemplate the payment of dividends and expects to retain future earnings for reinvestment in its business. The payment of dividends, however, may be reviewed by the Board of Directors from time to time in light of the Company's earnings and financial requirements, covenant restrictions and other prevailing conditions.

CAPITAL STRUCTURE AND MARKET FOR SECURITIES

Common shares

The Company is authorized to issue an unlimited number of common shares, without par value, for unlimited consideration. The common shares are not redeemable or convertible. Each common share carries the right to receive notice of, and one vote, at a meeting of shareholders; the right to participate in any distribution of the assets of the Company on liquidation, dissolution or winding up; and the right to receive dividends if, as and when declared by the Board of Directors. As of March 31, 2019 there were 91,909,414 common shares outstanding. During the year 416,842 stock options were exercised under the employee stock based compensation plan. The common shares are listed on the Toronto Stock Exchange (the "TSX") under the symbol "ATA".

Market for securities

The following table summarizes the trading prices and volume of ATS common shares on the TSX on a monthly basis from April 1, 2018 to March 31, 2019:

Month	Common shares – TSX	
	Price range (Cdn. \$)	Total volume traded
April 2018	\$17.21 – \$18.10	3,001,200
May 2018	\$17.20 – \$21.10	4,433,400
June 2018	\$18.66 – \$20.45	5,754,800
July 2018	\$18.56 – \$19.95	3,008,600
August 2018	\$19.31 – \$22.22	5,011,900
September 2018	\$21.81 – \$24.36	5,645,500
October 2018	\$18.59 – \$24.67	6,716,000
November 2018	\$16.49 – \$19.92	7,739,300
December 2018	\$13.28 – \$17.90	7,153,300
January 2019	\$14.04 – \$17.07	5,473,900
February 2019	\$16.16 – \$19.30	8,224,000
March 2019	\$17.33 – \$19.75	3,744,600

Senior Notes

The Company's U.S. \$250 million aggregate principal amount of senior notes (the "Senior Notes") are unsecured, were issued at par, bear interest at a rate of 6.50% per annum and mature on June 15, 2023. The Company may redeem the Senior Notes, in whole, at any time or in part, from time to time, at specified redemption prices and subject to certain conditions required by the Senior Notes. If the Company experiences a change of control, the Company may be required to repurchase the Senior Notes, in whole or in part, at a purchase price equal to 101% of the aggregate principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date. The Senior Notes contain customary covenants that restrict, subject to certain exceptions and thresholds, some of the activities of the Company and its subsidiaries, including the Company's ability to dispose of assets, incur additional debt, pay dividends, create liens, make investments and engage in specified transactions with affiliates. At March 31, 2019, all of the covenants were met. Subject to certain exceptions, the Senior Notes are guaranteed by each of the subsidiaries of the Company that is a borrower or has guaranteed obligations under the Credit Facility. This description of the provisions of the Senior Notes herein are summaries and are qualified by the actual provisions contained in the indenture with respect to the Senior Notes which can be found at www.sedar.com.

Credit ratings

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities and an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

S&P Global Ratings ("S&P") and Moody's Investors Services, Inc. ("Moody's") have assigned the Company corporate credit ratings and rated the Company's Senior Notes. The Company's credit ratings from these two agencies are as follows:

Category	S&P	Moody's
Corporate rating	BB ('stable' outlook)	Ba3 ('stable' outlook)
Senior Notes	B+ (recovery rating of 6)	B2 (LGD rating of 5)

The Company has paid applicable service fees to S&P's and Moody's for the rating of the Company and the Senior Notes along with the annual review thereof.

S&P

An S&P issuer credit rating is a forward-looking opinion about an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. Such opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. An S&P issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation. It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects S&P view of the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

S&P ratings range from a high of "AAA" to a low of "CC". Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

According to S&P's rating system, obligations rated "B" are regarded as having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions. An obligation rated "B" is more vulnerable to nonpayment than obligations rated "BB", but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation. An obligor rated "BB" is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments. An S&P rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). The outlook may be qualified as Positive, Negative, Stable, Developing or N.M. (not meaningful). A Stable rating outlook means that a rating is not likely to change.

A recovery rating of "6" for the Senior Notes indicates an expectation for an average of 0% to 10% recovery in the event of default.

Moody's

Moody's appends numerical modifiers to each generic rating classification from "Aaa" through "C". The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

According to Moody's rating system, obligations rated "Ba" are judged to be speculative and are subject to substantial credit risk. Obligations rated "B" are considered speculative and are subject to high credit risk.

Loss Given Default ("LGD") assessments are opinions about expected loss given default on fixed income obligations expressed as a percent of principal and accrued interest at the resolution of the default. The expected LGD rate is 100% minus the expected value that will be received at default resolution, discounted by the coupon rate back to the date the last debt service payment was made, and divided by the principal outstanding at the date of the last debt service payment. A LGD rating of "5" indicates a loss range of greater than or equal to 70% and less than 90%.

A Moody's rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term. Where assigned, rating outlooks fall into the following four categories: Positive ("POS"), Negative ("NEG"), Stable ("STA") and Developing ("DEV"). A Stable outlook indicates a low likelihood of a rating change over the medium term.

DIRECTORS AND OFFICERS

The following table presents, as at May 15, 2019, the name, province or state of residence, position with the Company or a subsidiary of the Company, and the principal occupation of each of the directors and executive officers of ATS and, in the case of the directors, the year each director first became a director of the Company. Each director is elected at the Company's annual general meeting or appointed pursuant to the bylaws of the Company to serve until the next annual general meeting or until a successor is elected or appointed.

BOARD OF DIRECTORS

<u>Name and municipality of residence</u>	<u>Position with Company</u>	<u>Principal occupation</u>	<u>Year first became director</u>
NEIL D. ARNOLD ^(1 & 3) New York, U.S.A.	Director	Private investor	September 2007

Mr. Arnold has over 35 years of experience in public company finance and general management. Most recently, he served as Executive Chairman of the Board of Directors of WHX Corp., a public holding company for primary industrial businesses. He also served as Group Finance Director of Lucas Varity, PLC, a public company providing components and systems to the global aerospace and automotive industries with revenues in excess of \$7 billion. Prior to that, Mr. Arnold was Chief Financial Officer of Varity Corporation (previously Massey-Ferguson Ltd.). He has served as a director of Lucas Varity and WHX Corp. At present, Mr. Arnold is a trustee of Pembroke College Foundation of North America Inc. and a trustee of The Summit Center Foundation, Inc., both charitable organizations. Mr. Arnold earned a Bachelor of Arts in Engineering Science from Pembroke College, Oxford University, and is a Fellow of the Chartered Institute of Management Accountants (U.K.).

JOANNE S. FERSTMAN ^(1, 3) Ontario, Canada	Director	Corporate Director	August 2018
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Ms. Ferstman currently serves as a corporate director. She has over 20 years of progressive experience in the financial industry. Over an 18 year period until her retirement in June 2012, she held several leadership positions with the Dundee group of companies, which operated in wealth management, resources and real estate verticals. She was responsible for financial and regulatory reporting, risk management and involved in mergers and acquisitions and strategic development and held the position of Chief Financial Officer for many years and latterly held the positions of Vice Chair of DundeeWealth Inc. and President and Chief Executive Officer of Dundee Capital Markets Inc. Prior to joining the Dundee group of companies, Ms. Ferstman spent five years at a major international accounting firm. She is a Chartered Professional Accountant and has a Bachelor of Commerce and Graduate Diploma in Public Accountancy from McGill University. She currently serves as the Chair of DREAM Unlimited Corp. (a real estate company). She also serves as lead director of Osisko Gold Royalties Ltd. (a mining royalty company), and as a director of Cogeco Communications Inc. (a communications company). Ms. Ferstman was formerly a director of Aimia Inc., Excellon Resources Inc. and Osisko Mining Corporation, and a trustee of DREAM Office REIT and DREAM Industrial REIT.

ANDREW P. HIDER
Ontario, Canada

Chief Executive
Officer & Director

Chief Executive Officer,
ATS Automation
Tooling Systems Inc.

May 2017

Mr. Hider is the Chief Executive Officer of ATS Automation Tooling Systems Inc. He is an experienced executive with a track record of success founded on his ability to drive business growth and operational performance in complex business environments and across multiple industries including transportation, advanced technology, instrumentation and industrial products. Most recently, Mr. Hider served as President and CEO of the Taylor Made Group, LLC, a diversified global leader in the supply of innovative products and systems for marine, transportation, agriculture, and construction markets, a position he held from May 2016 through to February 2017. Prior to that, Mr. Hider served for 10 years at Danaher Corporation, a global science and technology company, initially joining Danaher as General Manager and Director of Dover and most recently serving as President of Veeder Root. Mr. Hider began his career with General Electric, serving in a number of areas over a six-year period including manufacturing, project management, procurement and finance, culminating in his appointment as General Manager of GE Tri-Remanufacturing. Mr. Hider holds a Bachelor of Science in Interdisciplinary Engineering and Management and a Master of Business Administration, both from Clarkson University.

KIRSTEN LANGE ^(1, 2)
Ulm, Germany

Director

Non-executive board
member of several
companies

October
2017

Ms. Lange, a German citizen, has 28 years of business experience in top management and in consulting across many of the geographies ATS serves, including Germany and China. Most recently, she was the CEO of Fritsch Holding AG, a mid-sized German machinery company. Before that, she served as a member of the Management Board of Voith Hydro where she was responsible for growing the Automation and Service divisions as well as for developing new digital business models. Previous to that, Ms. Lange spent 22 years with the Boston Consulting Group (BCG), based in Munich, Germany, where she worked as a Partner and Managing Director with over 100 companies in sectors such as machine and plant construction, chemicals, automotive, energy, packaged consumer goods and many more. During her time with BCG she spent two years in Shanghai running the local office and developing the Chinese market. Since 2015, she is a member of the Board of Directors and Audit Committee of Heidelberger Druckmaschinen AG. She is also currently on the Board of Directors of Fritsch Holding AG. Ms. Lange graduated from the University of Munich with a degree in Journalism and earned a Master of Business Administration from INSEAD/France.

MICHAEL E.
MARTINO ⁽²⁾
Connecticut, U.S.A

Director

Principal, Mason Capital
Management LLC

September
2007

Mr. Martino is a founder and principal of Mason Capital Management LLC. Mr. Martino began his investment career at Oppenheimer & Company where he was responsible for risk arbitrage research; he ended his tenure at Oppenheimer as Executive Director, Risk Arbitrage. He began his business career at GE Capital Corporation where he held positions in information systems and business analysis. He was formerly a director of Spar Aerospace Limited, a publicly-traded aerospace company. Mr. Martino graduated from Fairfield University with a degree in Political Science and earned a Master of Business Administration in Finance from New York University's Stern School of Business.

DAVID L. MCAUSLAND ^(2, 3) Quebec, Canada	Chairman of the Board of Directors	Partner, McCarthy Tétrault LLP	March 2010
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Mr. McAusland, the Chairman of the Board of Directors, is a corporate advisor, lawyer and experienced corporate director and senior executive. Mr. McAusland is a partner in the law firm McCarthy Tétrault and was previously Executive Vice-President, Corporate Development and Chief Legal Officer of Alcan Inc., where he provided leadership on its worldwide mergers, growth strategies, major transactions and capital investments. Mr. McAusland currently acts as a director of Cogeco Inc., Cogeco Communications Inc., and IPL Plastics Inc. Mr. McAusland is also involved with several not-for-profit organizations and private companies. Mr. McAusland received his B.C.L. in 1976 and his LL.B. in 1977, both from McGill University.

PHILIP B. WHITEHEAD ⁽⁴⁾ Basingstoke, United Kingdom	Director	Vice President, Danaher Corporation	August 2018
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Mr. Whitehead is an experienced business leader. He is currently Vice President and Corporate Officer of the Danaher Corporation, a global science and technology company, and Chairman of Danaher's European Board. Since joining Danaher in 1992, Mr. Whitehead has held a number of executive and operational roles beginning with Managing Director of Veeder Root Europe. In his current position, he leads Danaher's mergers and acquisition activity in Europe and supports the corporation's growth initiatives in selected high growth markets. Earlier in his career, Mr. Whitehead worked in senior sales and marketing roles at Procter and Gamble, Hovis Marketing, and Unilever. He also operated his own management consultancy business. Mr. Whitehead has a Diploma in Marketing, Accounting and Finance from Bournemouth College, UK.

Notes:

- (1) Member of Audit and Finance Committee.
- (2) Member of Human Resources Committee.
- (3) Member of the Corporate Governance and Nominating Committee.
- (4) Special Advisor Strategy and Corporate Development.

EXECUTIVE OFFICERS

Name and place of residence

Position with Company or subsidiary

ANDREW HIDER
Ontario, Canada

Chief Executive Officer

MARIA PERRELLA
Ontario, Canada

Chief Financial Officer

ANGELLA ALEXANDER
Ontario, Canada

Chief Human Resources Officer

CHRISTIAN DEBUS
Ludwigshafen, Germany

President,
Process Automation Solutions

CHRIS HART
Ontario, Canada

President,
Life Sciences

STEWART MCCUAIG
Ontario, Canada

Corporate Vice President, General Counsel

JOE METRI
Ontario, Canada

Chief Information Officer

UDO PANENKA
Neuwied, Germany

President,
Electric Vehicle and Specialty Automation

JEREMY PATTEN
North Carolina, USA

Global Vice President, ATS Business Model

SIMON ROBERTS
Ontario, Canada

Senior Vice President,
Global After Sales Service

SVEND WEIDEMANN
Stutensee, Germany

Managing Director,
IWK

ALESSIA ZANELLI
Castel-Bolognese, Italy

Managing Director,
Comecer

All of the above-mentioned persons have held their present positions or other senior positions with the Company for the last five years except as follows:

- Most recently, Andrew Hider served as President and CEO of the Taylor Made Group, LLC. Prior to that, he served for 10 years at Danaher Corporation, most recently as President of Veeder Root.
- From 2016 to 2018, Angella Alexander served as Vice President Human Resources, Building Products & Integrated Supply Chain, Home and Building Technologies at Honeywell International Inc. Prior to that, she served for 15 years at Ford Motors Inc., most recently as Director, Human Resources and Global IT.
- From 2015 to 2018, Christian Debus served as Executive Vice President Air Pollution Control at Camfil APC GmbH. Prior to that, he served from 2011 to 2015 as Global Vice President RECARO Car Seating at RECARO Automotive GmbH.
- From 2013 to 2018, Joe Metri was at Novartis, where he most recently served as the IT Head of Marketing and Sales Operations of Alcon.
- From 2014 to 2018, Udo Panenka served at Esko-Graphics BVBA, most recently as President. Prior to that, he served from 2011 to 2014 as Vice President and General Manager Europe & India Kollmorgen Industrial Automation at Kollmorgen Europe GmbH.

- From 2014 to 2017, Jeremy Patten served at IDEX Corporation most recently as Vice President, Liquid Controls (Americas). Prior to that, he served at Danaher Corporation from 2007 to 2014 most recently as Director of Operations.
- From 2013 to 2015, Simon Roberts was at Bombardier Aerospace, most recently as Vice President & General Manager.
- From 2013 to 2016, Svend Weidemann served as a Management Consultant at eSWeWei.
- Alessia Zanelli has held the position of Chief Executive Officer, Comecer for the last five years.

Shareholdings of directors and executive officers

As at May 15, 2019, the directors and executive officers of ATS, as a group, beneficially owned or controlled, directly or indirectly, 18,355,720 common shares representing 19.97% of the outstanding common shares of the Company.

Additional disclosure for directors and executive officers

Each of the following directors and/or executive officers were directors or executive officers of other companies which became bankrupt, made a proposal under legislation relating to bankruptcy or insolvency or were subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets in the ten years preceding the date of this Annual Information Form and while they were directors or executive officers of the specified companies or within one year after they ceased to be directors or executive officers of the specified companies.

Ms. Perrella was appointed as the President of Photowatt International S.A.S. ("PWF") in 2008. On November 8, 2011, a hearing was held at which time the French bankruptcy court placed PWF into a "recovery" proceeding ("redressement judiciaire") under the supervision of a court appointed trustee. On February 27, 2012, a subsidiary of the EDF group, the French electricity utility, was selected by the French bankruptcy court to purchase the assets of PWF, and the entire workforce of PWF was subsequently transferred to the purchaser or offered to be transferred within the purchaser's group. Effective March 1, 2012, the purchaser assumed control over the operations of PWF. The confirmation of a new operator for the PWF business concluded ATS' operating support of PWF. Although a new operator has assumed the operation of the PWF assets and all employees have been (or offered to be) transferred to this new operator or within its group, the judicial liquidation process could take several years to wind-up.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the normal course of operations, the Company is a defendant in certain legal proceedings currently pending before various courts in relation to contract disputes with customers and other third parties. The Company intends to vigorously defend its position in these matters.

While the Company cannot predict the final outcome of legal proceedings pending as at March 31, 2019, based on information currently available, no claim individually or in aggregate is material and the Company does not expect the resolution of these legal proceedings to have a material adverse effect on its financial position.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

A summary of the Company's related party transactions is contained in the annual Management's Discussion and Analysis for the fiscal year ended March 31, 2019 (see "Related Party Transactions").

INTEREST OF EXPERTS

Ernst & Young LLP, Chartered Professional Accountants, the external auditors of the Company, reported on the fiscal 2019 audited consolidated financial statements of the Company which were filed by the Company with securities regulators pursuant to National Instrument 51-102 – Continuous Disclosure Obligations. Ernst & Young LLP is independent with respect to the Company in the context of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

The Audit and Finance Committee's primary purpose is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and accounting compliance, and the audit process and processes for identifying, evaluating and monitoring the management of the Company's principal risks impacting financial reporting. The committee also assists the Board of Directors with the oversight of financial strategies and overall risk management.

A copy of the Audit and Finance Committee's Charter is attached to this AIF as "Appendix A".

The Audit and Finance Committee is composed of Mr. Arnold (Chair), Ms. Ferstman and Ms. Lange. Each of the members of the committee is an unrelated, financially literate director and is considered by the Board of Directors to be independent of management. The committee met formally seven times during the fiscal year ended March 31, 2019. The following sets out the education and experience of the members:

- Mr. Arnold has over 35 years of experience in public company finance and general management. Most recently, he served as Executive Chairman of the Board of Directors of WHX Corp., a public holding company for primary industrial businesses. He also served as Group Finance Director of Lucas Varity, PLC, a public company providing components and systems to the global aerospace and automotive industries with revenues in excess of \$7 billion. Prior to that, Mr. Arnold was Chief Financial Officer of Varity Corporation (previously Massey-Ferguson Ltd.). He has served as a director of Lucas Varity, and WHX Corp. At present, Mr. Arnold is a Trustee of Pembroke College Foundation of North America Inc. and a Trustee of The Summit Center Foundation, Inc., both charitable organizations. Mr. Arnold earned a Bachelor of Arts in Engineering Science from Pembroke College, Oxford University, and is a Fellow of the Chartered Institute of Management Accountants (UK).
- Ms. Ferstman currently serves as a corporate director. She has over 20 years of progressive experience in the financial industry. Over an 18 year period until her retirement in June 2012, she held several leadership positions with the Dundee group of companies, which operated in wealth management, resources and real estate verticals. She was responsible for financial and regulatory reporting, risk management and involved in mergers and acquisitions and strategic development and held the position of Chief Financial Officer for many years and latterly held the positions of Vice Chair of DundeeWealth Inc. and President and Chief Executive Officer of Dundee Capital Markets Inc. Prior to joining the Dundee group of companies, Ms. Ferstman spent five years at a major international accounting firm. She is a Chartered Professional Accountant and has a Bachelor of Commerce and Graduate Diploma in Public Accountancy from McGill University. She currently serves as the Chair of DREAM Unlimited Corp. (a real estate company). She also serves as lead director of Osisko Gold Royalties Ltd. (a mining royalty company), and as a director of Cogeco Communications Inc. (a communications company). Ms. Ferstman was formerly a director of Aimia Inc., Excellon Resources Inc. and Osisko Mining Corporation, and a trustee of DREAM Office REIT and DREAM Industrial REIT.
- Ms. Lange, a German citizen, has 28 years of business experience in top management and in consulting across many of the geographies ATS serves, including Germany and China. Most recently, she was the CEO of Fritsch Holding AG, a mid-sized German machinery company. Before that, she served as a member of the Management Board of Voith Hydro where she was responsible for growing the Automation and Service divisions, as well as for developing new digital business models. Previous to that, Ms. Lange spent 22 years with the Boston Consulting Group (BCG), based in Munich, Germany, where she worked as a Partner and Managing Director with over 100 companies in sectors such as machine and plant construction, chemicals, automotive, energy, packaged consumer goods and many more. During her time with BCG she spent two years in Shanghai, running the local office and developing the Chinese market. Since 2015 she is a member of the Board of Directors and Audit Committee of Heidelberger Druckmaschinen AG. Ms. Lange graduated from the University of Munich with a degree in Journalism and earned a Master of Business Administration from INSEAD/France.

Management of the Company maintains a policy, approved by the Audit and Finance Committee, for engagement of the Company's external auditors for any non-audit related services (the "Auditor Independence Policy"). The objective of the Auditor Independence Policy is to ensure the external auditors' objectivity is not compromised. It sets out the rules to be followed when engaging the Company's external auditors for any non-audit related engagement.

The Auditor Independence Policy sets out a list of services that the Company's external auditors are prohibited from providing, as well as a list of services that may be provided subject to the approval of the Audit and Finance Committee. The Audit and Finance Committee must pre-approve all permitted non-audit related services. The Audit and Finance Committee may delegate its pre-approval authority to a designated member of such Committee; such designated member must report any decisions that he or she makes to the full Audit and Finance Committee at its next scheduled meeting.

COMPENSATION OF AUDITORS

The breakdown of fees incurred for services provided in fiscal 2019 by the Company's current auditors, Ernst & Young LLP, initially appointed on June 18, 2009, are as follows:

	<u>Fiscal 2019</u>
Audit fees	\$ 1,622,000 ¹
Audit-related fees	\$ 1,024,000 ²
Tax fees	\$ 866,000 ³

The breakdown of fees incurred for services provided in fiscal 2018 are as follows:

	<u>Fiscal 2018</u>
Audit fees	\$ 1,346,000 ¹
Audit-related fees	\$ 60,000 ²
Tax fees	\$ 894,000 ³
Other services	\$ 80,000 ⁴

1 – "Audit fees" include fees related to quarterly reviews and year-end audits.

2 – "Audit-related fees" in fiscal 2019 are primarily related to work in respect of acquisition due diligence. In fiscal 2018, these fees are primarily related to work in respect of new accounting standards and translation services.

3 – "Tax fees" are primarily related to global tax compliance and advisory services.

4 – "Other services" are related to professional advisory services.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc., and may be contacted at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1. General shareholder inquiries by phone: 1-800-564-6253 (toll free North America – International 514-982-7555), by fax: 1-888-453-0330 (toll free North America – International 416-263-9524) or by email: service@computershare.com.

ADDITIONAL INFORMATION

Additional information regarding the Company is available at the Company's website at www.atsautomation.com and on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration, principal holders of the Company's securities and details of options to purchase securities is contained in the Company's Management Information Circular prepared for the most recent annual meeting of shareholders and available on SEDAR at www.sedar.com. Additional financial information, including the Company's audited consolidated financial statements for the fiscal year ended March 31, 2019, is provided in the Company's annual audited consolidated financial statements, the notes thereto, auditor's report thereon and accompanying fiscal 2019 MD&A. A copy of all such documents may be obtained upon request from the Secretary of the Company and can also be found on SEDAR at www.sedar.com.

Notes to readers:

Amounts are expressed in Canadian currency unless otherwise noted.

Forward-looking statements:

This Annual Information Form of ATS contains certain statements that may 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, 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. ATS cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Forward-looking statements relate to, among other things: the strategic framework; trade negotiations and disputes; conversion of opportunities into Order Bookings; the expected benefits where the company engages with customers on enterprise-type solutions and the potential impact on Order Bookings, performance period, and timing of revenue recognition; the Company's Order Backlog partially mitigating the impact of volatile Order Bookings; expected benefits with respect to the Company's efforts to expand its services revenues; deployment of the ATS Business Model ("ABM") and the expected impact; initiatives having the goal of expanding adjusted earnings from operations margin over long-term; the Company's goal with respect to non-cash working capital as a percentage of revenues; the Company's expectations in regards to investment in capital assets; expectation in relation to meeting funding requirements for investments; potential to use leverage to support growth strategy; the Company's belief with respect to the outcome of certain lawsuits, claims and contingencies; and the Company's expectation to retain future earnings for reinvestment in its business. The risks and uncertainties that may affect forward-looking statements include, among others: impact of the global economy; general market performance including capital market conditions and availability and cost of credit; performance of the markets that ATS serves; foreign currency and exchange risk; the relative strength of the Canadian dollar; impact of factors such as increased pricing pressure and possible margin compression; the regulatory and tax environment; that current or future trade negotiations or disputes have unexpected impact on the business, including increased cost of supplies; that some or all of the sales funnel is not converted to Order Bookings due to competitive factors or failure to meet customer needs; timing of customer decisions related to large enterprise programs and potential for negative impact associated with any cancellations or non-performance in relation thereto; that the Company is not successful in growing its service offering or that expected benefits are not realized; that the ABM is not deployed effectively, not adopted on the desired scale by the business, or that its impact is other than as expected; that efforts to expand adjusted earnings from operations margin over long-term is unsuccessful, due to any number of reasons, including less than anticipated increase in after-sales service revenues or reduced margins attached to those revenues, inability to achieve lower costs through supply chain management, failure to develop, adopt internally, or have customers adopt, standardized platforms and technologies, inability to maintain current cost structure if revenues were to grow, and failure of ABM to impact margins; inability to successfully expand organically or through acquisition, due to an inability to grow expertise, personnel, and/or facilities at required rates or to identify, negotiate and conclude one or more acquisitions; or to raise, through debt or equity, or otherwise have available, required capital; that acquisitions made are not integrated as quickly or effectively as planned or expected and, as a result, anticipated benefits and synergies are not realized; non-cash working capital as a percentage of revenues operating at a level other than as expected due to reasons, including, the timing and nature of Order Bookings, the timing of payment milestones and payment terms in customer contracts, and delays in customer programs; that the Company reverses one or more of its plans in regards to investment in capital assets or that the cost of capital assets are greater than expected; risk that the ultimate outcome of lawsuits, claims, and contingencies give rise to material liabilities for which no provisions have been recorded; potential for a change in Company strategy with respect to the allocation of future earnings; that one or more customers, or other entities with which the Company has contracted, experience insolvency or bankruptcy with resulting delays, costs or losses to the Company; political, labour or supplier disruptions; the development of superior or alternative technologies to those developed by ATS; the success of competitors with greater capital and resources in exploiting their technology; market risk for developing technologies; risks relating to legal proceedings to which ATS is or may become a party; exposure to product and/or professional liability claims; risks associated with greater than anticipated tax liabilities or expenses; and other risks detailed from time to time in ATS' filings with Canadian provincial securities

regulators. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and other than as required by applicable securities laws, ATS does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change.

APPENDIX A

ATS AUTOMATION TOOLING SYSTEMS INC. (the "Company")

CHARTER FOR THE AUDIT AND FINANCE COMMITTEE OF THE BOARD OF DIRECTORS

A. PURPOSE

1. The primary functions of the Audit and Finance Committee (the "**Committee**") are to monitor the integrity of the Company's consolidated financial statements and oversee the accounting and financial reporting practices of the Company and the audits of the Company's consolidated financial statements and to exercise the responsibilities and duties set forth below, including, but not limited to, assisting the Board in fulfilling its responsibilities in reviewing the following: financial disclosures and the effectiveness of internal controls over financial reporting; monitoring the system of internal control; monitoring the Company's compliance with the binding requirements of any stock exchanges on which the securities of the Company are listed and all other applicable laws (collectively, the "**Applicable Requirements**"); consideration of and compliance with, as determined or required from time to time, the recommendations of other governing bodies such as the Canadian Public Accountability Board to enhance audit quality; selecting the external auditors for shareholder approval; reviewing the qualifications, independence and performance of the external and internal auditors; reviewing the qualifications, independence and performance of the Company's financial management; and identifying, evaluating and monitoring the management of the Company's principal risks impacting financial reporting. The Committee also assists the Board with the oversight of financial strategies and overall risk management.
2. The Committee is not responsible for: planning or conducting audits; certifying or determining the completeness or accuracy of the Company's financial statements or that the financial statements are in accordance with generally accepted accounting principles; or guaranteeing the report of the Company's external auditor. The fundamental responsibility for the Company's financial statements and disclosure rests with management. The external auditor is responsible for auditing the Company's annual consolidated financial statements and for reviewing the Company's unaudited interim financial statements.

B. MEMBERSHIP AND ORGANIZATION

1. **Composition** - The Committee shall consist of not less than three independent members of the Board. At the invitation of the Committee, members of the Company's management and others may attend Committee meetings as the Committee considers necessary or desirable. Without Board approval, a Committee member shall not sit on more than two other audit committees of publicly traded companies or trusts.
2. **Appointment and Removal of Committee Members** - Each member of the Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of the Company's shareholders at which the member's term of office expires, (b) the death of the member, or (c) the resignation, disqualification

or removal of the member from the Committee or from the Board. The Board may fill a vacancy in the membership of the Committee.

3. **Independence** - Each member of the Committee shall meet the independence and audit committee composition requirements of the Applicable Requirements. Committee members shall not receive any compensation from the Company other than director's fees.
4. **Financial Literacy** - At the time of his or her appointment to the Committee, each member of the Committee shall be able to read and understand a set of financial statements, including a balance sheet, cash flow statement and income statement, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. At the time of his or her appointment to the Committee, each member of the Committee shall not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the preceding three years. In appointing the Committee from among the Board, the Board shall consider the benefit of having at least one member of the Committee with past employment experience in financing or accounting, a requisite professional certificate in accounting, or other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

C. MEETINGS

1. **Meetings** - The members of the Committee shall hold meetings as are required to carry out this mandate, and in any case no less than four meetings annually. The external and internal auditors and non-Committee board members are entitled to receive notice of and attend and be heard at each Committee meeting. The Chair, any member of the Committee, the external auditors, the internal auditors, the Chairman of the Board, the Chief Executive Officer, or the Chief Financial Officer may call a meeting of the Committee by notifying the Company's Corporate Secretary who will notify the members of the Committee. The Chair shall chair all Committee meetings that he or she attends, and in the absence of the Chair, the members of the Committee present may appoint a chair from their number for a meeting.
2. **Corporate Secretary and Minutes** - The Corporate Secretary, his or her designate or any other person the Committee requests, shall act as secretary at Committee meetings. Minutes of Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Committee for approval.
3. **Quorum** - A majority of the members of the Committee shall constitute a quorum. The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution of the Committee.
4. **Access to Management and Outside Advisors** - The Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company, and, from time to time may hold unscheduled or regularly scheduled meetings or portions of regularly scheduled meetings with the external auditor, the internal auditor, the Chief Financial Officer, the Chief Executive Officer or any other officer or employee of the Company or its affiliates. The Committee shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it

in fulfilling its responsibilities and to set and pay the respective compensation for these advisors without consulting or obtaining the approval of the Board or any Company officer.

5. **Funding** - The Company shall provide appropriate funding, as determined by the Committee, for (i) the payment of compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) payment for the services of any advisors retained by the Committee; and (iii) the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
6. **Meetings Without Management** - The Committee shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which only independent directors are present, either alone or with external auditors, internal auditors, or other Company management.

D. FUNCTIONS AND RESPONSIBILITIES

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by the Applicable Requirements.

1. Financial Reports

- a. **General** - The Committee is responsible for overseeing the Company's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Company. The external auditors are responsible for auditing the Company's annual consolidated financial statements and for reviewing the Company's unaudited interim financial statements.
- b. **Review of Annual Financial Reports** - The Committee shall review the annual consolidated audited financial statements of the Company, the external auditors' report thereon, the related management's discussion and analysis of the Company's financial condition and results of operation ("**MD&A**"), and the financial disclosure in any earnings press release. After completing its review, if advisable, the Committee shall approve and recommend for Board approval the annual financial statements, the related MD&A, and the earnings release.
- c. **Review of Interim Financial Reports** - The Committee shall review the interim consolidated financial statements of the Company, the external auditors' review report thereon, the related MD&A, and the financial disclosure in any earnings press release. After completing its review, if advisable, the Committee shall approve the interim financial statements, the related MD&A, and the earnings release and may recommend same for approval by the Board.
- d. **Review Considerations** - In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:
 - i. meet with management, the external auditors, and the internal auditors to discuss the financial statements and MD&A;
 - ii. review the disclosures in the financial statements;

- iii. review the audit report or review report prepared by the external auditors;
 - iv. discuss with management, the external auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;
 - v. review critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
 - vi. review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management;
 - vii. review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
 - viii. review the use of any non-IFRS measures and additional IFRS measures, including “pro forma” or “adjusted” information;
 - ix. review management’s report on the design and effectiveness of disclosure controls and procedures and internal controls over financial reporting;
 - x. review results of the Company’s audit committee hotline program;
 - xi. meet in private with external auditors, internal auditors, and one or more senior executives; and
 - xii. review any other matters, related to the financial statements, that are brought forward by the external or internal auditors, management, or which are required to be communicated to the Committee under accounting policies, auditing standards or Applicable Requirements.
- e. **Approval of Other Financial Disclosures** - The Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering documents of the Company.

2. Auditors

- a. **General** - The Committee shall be directly responsible for oversight of the work of the external auditors, including the external auditors work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work. The external auditors shall report directly to the Committee and the Committee shall have authority to communicate directly with the Company’s internal auditors and external auditors.
- b. **Appointment and Compensation** - The Committee shall review and, if advisable, select and recommend to the Board, for shareholder approval, the appointment of the external auditors. The Committee shall review and, if advisable, recommend for shareholder approval the compensation of the external auditors, unless such authority is delegated by the shareholders to the Committee, in which case the Committee shall determine the compensation of the external auditors.

- c. **Resolution of Disagreements** – The Committee shall resolve any disagreements between management and the external auditors as to financial reporting matters brought to its attention.
- d. **Discussions with External Auditor** – At least annually, the Committee shall discuss with the external auditor such matters as are required by applicable auditing standards to be discussed by the external auditor with the audit committee, including the matters required to be discussed by Applicable Requirements.
- e. **External Audit Plan** - At least annually, the Committee shall review a summary of the external auditors' annual audit plan. The Committee shall consider and review with the external auditors any material changes to the scope of the plan.
- f. **Internal Audit Plan** - At least annually, the Committee shall review and approve the internal auditors' annual audit plan. The Committee shall consider and review with the internal auditors any material changes to the scope of the plan.
- g. **Quarterly Review Report** - The Committee shall review a report prepared by the external auditors in respect of the results of the external auditor's review of the interim financial statements of the Company.
- h. **Independence of External Auditors** - At least annually, and before the external auditors issue their report on the annual financial statements, the Committee shall: obtain from the external auditors a formal written statement describing all relationships between the external auditors and the Company; discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the external auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which it belongs and other Applicable Requirements. The Committee shall take appropriate action to oversee the independence of the external auditors.
- i. **Evaluation and Rotation of Lead Partner** - At least annually, the Committee shall review the qualifications and performance of the lead partner(s) of the external auditors. The Committee shall obtain a report from the external auditors annually verifying that the lead partner of the external auditors has served in that capacity for no more than seven fiscal years of the Company and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.
- j. **Evaluation of Qualifications and Performance of External Auditor** - At least annually, the Committee shall review the qualifications and performance of the external auditor, including the quality of services delivered by the external auditor. Periodically, at intervals greater than one year and as determined by the Committee or mandated by the Applicable Requirements, the Committee shall undertake a more comprehensive review of the external auditor, focusing on topics such as trends in the firm's performance, industry expertise, and professional skepticism; quality control; quality of thought leadership and transparency of communications; and results of annual assessments.

- k. **Evaluation on Internal Audit Function** - At least annually, the Committee shall review the mandate, reporting relationship, activities, staffing, organizational structure and credentials of the Internal Audit Department. The Committee shall review the annual performance of the internal audit function.
- l. **Hiring of Former Employees of External Auditor** – The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present external auditor of the Company.
- m. **Requirement for Pre-Approval of Non-Audit Services** - The Committee shall approve in advance all non-audit services to be provided to the Company or its subsidiaries by the external auditors in accordance with Applicable Requirements, and Board approved detailed policies and procedures specifically relating to such non-audit services. The Chairman of the Committee and any other member(s) of the Committee designated by the Committee shall have delegated pre-approval authority. The decisions of any member of the Committee to whom this authority has been delegated must be presented to the full Committee at its next scheduled Committee meeting. Approval by the Committee of a non-audit service to be performed by the external auditor of the Company shall be disclosed to the Company's investors in periodic reports as required by the Applicable Requirements.

3. Internal Controls

- a. **General** - The Committee shall review the adequacy of the Company's internal accounting and disclosure controls, its management information systems and its financial, auditing and accounting organizations and systems.
- b. **Establishment, Review and Approval** - The Committee shall require management to implement and maintain appropriate systems of internal control in accordance with applicable laws, regulations and guidance, including internal control over maintenance of records, financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Committee shall consider and review with management and the external and internal auditors:
 - i. the effectiveness of, or weaknesses or deficiencies in: the design or operating effectiveness of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions.
 - ii. any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;
 - iii. any material issues raised by any inquiry or investigation by the Company's regulators;

- iv. the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
 - v. any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.
 - c. **Internal Auditors' Testing of Internal Controls.** The Committee shall review the internal auditors' quarterly report which addresses the testing of internal controls.
- 4. **Tone from the Top** – The Committee will promote the cultivation and demonstration of an honest and ethical corporate culture.
- 5. **Compliance with Legal and Regulatory Requirements** - The Committee shall receive and review regular reports from the Company's General Counsel and other management members on: legal or compliance matters that may have a material impact on the Company; the effectiveness of the Company's compliance policies; and any material communications received from regulators. The Committee shall review management's evaluation of and representations relating to compliance with specific Applicable Requirements, and management's plans to remediate any deficiencies identified.
- 6. **Committee Hotline Procedures** - The Committee shall establish or oversee the establishment of procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Committee and, if the Committee determines that the matter requires further investigation, it will direct the Chair of the Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management, internal auditors, external auditors (as necessary), and the general counsel to reach a satisfactory conclusion.
- 7. **Compliance with Hotline** – The Committee shall:
 - i. at least annually, review and assess the adequacy of and, if advisable, approve and recommend for Board approval, any amendments to the Company's telephone/internet hotline service ("Hotline") or how the availability of that service is communicated to employees through the Code of Business Conduct or otherwise;
 - ii. review and, if advisable, approve the Company's processes for administering the Hotline; and
 - iii. review, on a regular basis, summaries of the usage of, and the matters being reported to, the Hotline.
- 8. **Committee Disclosure** - The Committee shall prepare, review and approve any audit committee disclosures required by securities regulators in the Company's disclosure documents.

9. **Delegation** - The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

E. FINANCIAL STRATEGY

1. The Committee shall review with management significant financial matters affecting the Company, and shall report on such matters to the Board.
2. The Committee shall oversee the development of adequate strategies, as appropriate, with respect to financing and investment (i.e., capital structure, funding vehicles, and financial performance criteria).
3. The Committee shall review all material financial transactions and investments to be undertaken by the Company.

F. RISK MANAGEMENT

1. The Committee shall monitor the management of the principal risks identified by management that could materially impact the financial reporting of the Company.

G. REPORTING TO THE BOARD

1. The Chair shall report to the Board, as required by Applicable Requirements or as deemed necessary by the Committee or as requested by the Board, on matters arising at Committee meetings and, where applicable, shall present the Committee's recommendation to the Board for its approval.

G. GENERAL

1. The Committee shall, to the extent permissible by Applicable Requirements, have such additional authority as may be reasonably necessary or desirable, in the Committee's discretion, to exercise its powers and fulfill its duties under this mandate.
2. The Committee shall review this Charter on an annual basis or more frequently, as required. Where appropriate, the Committee shall propose changes to this Charter to the Board.
3. The Committee shall assess and report annually to the Board on the performance of the Committee by comparing the performance of the Committee against this Charter and the Committee's goals and objectives for the year.

H. CURRENCY OF THE AUDIT COMMITTEE CHARTER

1. This charter was last amended and approved by the Board on May 15, 2019.