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ATS Acquires Specialized Provider of Productivity Solutions to the Global Food Packing Industry

Cambridge, Ontario (December 16, 2019) - ATS Automation Tooling Systems Inc. (TSX: ATA) (“ATS” or the “Company”), an industry-leading automation solutions provider, today announced it has acquired MARCO Limited (“MARCO”), a provider of yield control and recipe formulation systems to help customers in the food, nutraceuticals and cosmetics sectors increase productivity and meet stringent industry regulations. MARCO’s solutions are based on its proprietary weighing hardware and process control software technologies.

“MARCO is a high-quality company that provides ATS with the means of entering a product-based, niche segment of the food industry that is growing at a mid-single digit rate,” said Andrew Hider, Chief Executive Officer of ATS. “The food industry itself is attractive to ATS because it is subject to industry and government regulations driving a need for high precision technologies. In MARCO, we acquire a proven business that is well positioned to meet growing demand for productivity and quality-enhancing solutions. MARCO will serve as a first step in our expansion into an attractive new vertical market for ATS.”

In its fiscal year ending March 31, 2020, MARCO is expected to generate revenues of approximately £15 million Pounds Sterling with an EBITDA margin in the low- to mid-twenty percent range. Excluding the impact of business combination accounting, ATS expects to achieve a ten percent return on invested capital by the second fiscal year following the acquisition.

ATS will support MARCO’s growth through deployment of the ATS Business Model to drive operational improvements, advance geographic penetration, enter adjacent markets and expand after-sales service revenues, which currently account for approximately 10% of MARCO’s annual revenues. The combined capabilities of ATS and MARCO will serve the rising demand for quality and productivity in food processing and packing.

The preliminary cash purchase price for the acquisition was £25 million Pounds Sterling, with up to an additional £7.3 million Pounds Sterling payable subject to an earn-out structure over the next two full fiscal years. ATS funded the acquisition from cash on hand.

MARCO was established in 1985, and today has approximately 70 employees, the majority of whom work at its headquarters in Edenbridge, United Kingdom. MARCO will continue to be led by its founders, CEO, Murray Hilborne and COO, Russel Hilborne. “Joining ATS enables us to take advantage of ATS’s global reach, industry-leading technologies and after-market services platform,” said Mr. Murray Hilborne. “This exciting combination will benefit MARCO’s customers and employees. The management team and I look forward to working with ATS to enable MARCO to take the next step in realizing its full potential and ambitions.”

Additional Information

Additional information on MARCO, its markets and the transaction are contained in a slide deck available on the ATS website (www.atsautomation.com) under Investor Relations / Investor Presentations.

About ATS

ATS is an industry-leading automation solutions provider to many of the world's most successful 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, to address the sophisticated manufacturing automation systems and service needs of multinational customers in markets such as life sciences, chemicals, consumer products, electronics, food, beverage, transportation, energy, and oil and gas. Founded in 1978, ATS employs approximately 4,400 people at 23 manufacturing facilities and over 50 offices in North America, Europe, Southeast Asia and China. The Company's shares are traded on the Toronto Stock Exchange under the symbol ATA. Visit the Company's website at www.atsautomation.com.

About MARCO

MARCO offers innovative hardware and software solutions that provide control from the arrival of the raw material to the dispatch of the packed product within the business' operations. Based on the MARCO Trac-IT® suite of products, these yield control systems offer weighing-centric controls and are designed to maximize productivity, minimize over-pack, monitor operator performance, identify unaccountable losses and ensure pack consistency. MARCO's systems provide IIoT-enabled smart factory capability through real time reporting, allowing customers to make informed decisions about all aspects of their facility. MARCO's installations range from standalone hardware applications to factory-wide Manufacturing Execution Systems. MARCO's products have been installed in 43 countries within the food, nutraceutical, and cosmetics industries. For more information, please visit www.marco.co.uk.

Note to Readers:

Non-IFRS measures:

This news release uses the non-IFRS measures EBITDA, EBITDA margin, and return on invested capital associated with this investment. These terms do not have any standardized meanings prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies. These measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA is defined as earnings from operations excluding depreciation and amortization (which includes amortization of intangible assets). EBITDA margin is an expression of an entity's EBITDA as a percentage of revenues. EBITDA is used by the Company to evaluate the performance of operations. Management believes that EBITDA is an important indicator of ability to generate operating cash flows to fund continued investment in operations. Management believes that ATS shareholders and potential investors in ATS use these non-IFRS financial measures in making investment decisions and measuring operational results. Return on invested capital associated with this investment, as used herein, means in respect of any fiscal year, the net income of MARCO in such fiscal year, divided by the purchase price for the acquisition. Return on invested capital, as used herein, is used by ATS to evaluate the efficiency of the allocation of ATS' capital.

Forward-Looking Statements:

This news release 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 growth of the market MARCO serves and MARCO positioning to meet demand; expectations relating to MARCO revenue and EBITDA margin; expectations relating to ATS' return on invested capital associated with this investment; and expectations regarding ATS support for MARCO, integration and deployment of the ATS Business Model. The risks and uncertainties that may affect forward-looking statements include, among others: impact of the global economy and general market performance including capital market conditions and availability and cost of credit; performance of the market sectors that MARCO and ATS serve; 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; failure or delays associated with new customer programs; that ATS support, integration and the deployment of the ATS Business Model are not completed as quickly or effectively as planned or expected and, as a result, anticipated benefits, enhancements and synergies are not realized; that MARCO's business does not perform as expected, negatively impacting revenue and EBITDA margin and return on invested capital; that one or more customers, or other persons with which MARCO has contracted, experience insolvency or bankruptcy with resulting delays, costs or losses; political, labour or supplier disruptions; imposition of new duties, tariffs or other legal barriers that impact MARCO's markets; that growth in markets MARCO serves is less than expected; risks relating to legal proceedings to which MARCO and/or ATS is or may become a party; exposure to product 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.

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