MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended March 31, 2017

This Management's Discussion and Analysis ("MD&A") for the year ended March 31, 2017 (fiscal 2017) is as of May 17, 2017 and provides information on the operating activities, performance and financial position of ATS Automation Tooling Systems Inc. ("ATS" or the "Company") and should be read in conjunction with the audited consolidated financial statements of the Company for fiscal 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. Additional information is contained in the Company's filings with Canadian securities regulators, including its Annual Information Form, found on SEDAR at www.sedar.com and on the Company's website at www.atsautomation.com.

Notice to Reader: Non-IFRS Measures and Additional IFRS Measures

Throughout this document management uses certain non-IFRS measures to evaluate the performance of the Company. These terms do not have any standardized meaning prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies. The terms "operating margin", "EBITDA", "EBITDA margin", "adjusted net income", "adjusted earnings from operations", "adjusted basic earnings per share", "non-cash working capital", "Order Bookings" and "Order Backlog" do not have any standardized meaning prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies. Such measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. In addition, management uses "earnings from operations," which is an additional IFRS measure, to evaluate the performance of the Company. Earnings from operations is presented on the Company's consolidated statements of income as net income (from continuing operations) excluding income tax expense and net finance costs. Operating margin is an expression of the Company's earnings from operations as a percentage of revenues. EBITDA is defined as earnings from operations excluding depreciation and amortization (which includes amortization of intangible assets). EBITDA margin is an expression of the Company's EBITDA as a percentage of revenues. Adjusted earnings from operations is defined as earnings from operations before items excluded from management's internal analysis of operating results, such as amortization expense of acquisition-related intangible assets, acquisition-related transaction and integration costs, restructuring charges, and certain other adjustments which would be non-recurring in nature ("adjustment items"). Adjusted basic earnings per share is defined as adjusted net income on a basic per share basis, where adjusted net income is defined as adjusted earnings from operations less net finance costs and income tax expense, plus tax effects of adjustment items. Non-cash working capital is defined as the sum of accounts receivable, costs and earnings in excess of billing on contracts in progress, inventories, deposits, prepaids and other assets, less accounts payable, accrued liabilities, provisions and billings in excess of costs and earnings on contracts in progress. Order Bookings represent new orders for the supply of automation systems, services and products that management believes are firm. Order Backlog is the estimated unearned portion of revenues on customer contracts that are in process and have not been completed at the specified date.

Earnings from operations and EBITDA are used by the Company to evaluate the performance of its operations. Management believes earnings from operations is an important indicator in measuring the performance of the Company's operations on a pre-tax basis and without consideration as to how the Company finances its operations. Management believes that EBITDA is an important indicator of the Company's ability to generate operating cash flows to fund continued investment in its operations. Management believes that adjusted earnings from operations and adjusted basic earnings per share (including adjusted net income) are important measures to increase comparability of performance between periods. The adjustment items used by management to arrive at these metrics are not considered to be indicative of the business's ongoing operating performance. Management uses the measure non-cash working capital as a percentage of revenues to evaluate the Company's management of its investment in non-cash working capital. Management calculates non-cash working capital as a percentage of revenues using period-end non-cash working capital divided by trailing two fiscal quarter revenues annualized. Order Bookings provides an indication of the Company's ability to secure new orders for work during a specified period, while Order Backlog provides a measure of the value of Order Bookings that have not been completed at a specified point in time. Both Order Bookings and Order Backlog are indicators of future revenues the Company expects to generate based on contracts that management believes to be firm. Management believes that ATS shareholders and potential investors in ATS use these additional IFRS measures and non-IFRS financial measures in making investment decisions and measuring operational results. EBITDA should not be construed as a substitute for net income determined in accordance with IFRS. Adjusted earnings from operations is not necessarily indicative of earnings from operations or cash flows from operations as determined under IFRS and may not be comparable to similar measures presented by other companies.

A reconciliation of (i) earnings from operations and EBITDA to net income from continuing operations, and (ii) adjusted earnings from operations to earnings from operations, adjusted net income to net income and adjusted basic earnings per share to basic earnings per share, in each case for the three- and twelve-month periods ending March 31, 2017 and March 31, 2016 is contained in this MD&A (see "Reconciliation of Non-IFRS Measures to IFRS Measures"). A reconciliation of Order Bookings and Order Backlog to total Company revenues for the three- and twelve-month periods ending March 31, 2017 and March 31, 2016 is also contained in the MD&A (see "Order Backlog Continuity").

Company Profile

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 3,500 people at 23 manufacturing facilities and over 50 offices in North America, Europe, Southeast Asia and China.

CEO Appointment

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 is uniquely qualified to lead ATS and its global team of 3,500 employees. 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. Prior to that, Mr. Hider served for 10 years at Danaher Corporation (NYSE: DHR) including as President of Veeder Root. Mr. Hider began his career with General Electric (NYSE: GE), serving in a number of areas over a six-year period, 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 Masters of Business Administration, both from Clarkson University.

During his career as a leader, Mr. Hider has brought focus to five key areas:

- People: ensuring that the Company attracts and retains the best people in the right roles and developing the pipeline of talent in the organization
- Process: aligning businesses around a common set of policy-driven processes to deliver continuous improvement
- Plan: driving profitable growth through a rigorous strategic planning process that targets incremental and continuous improvement
- Performance: constantly and consistently managing performance and implementing countermeasures to meet expectations
- Customer: understanding, anticipating and meeting the needs of the Company's key stakeholders, including customers and shareholders

Effective May 17, 2017 Mr. Hider was appointed to the Company's Board of Directors.

Strategy

Mr. Hider is working with management and the Board to review and build upon ATS' growth strategy, with a view to driving long-term shareholder value through the generation of profitable growth, both organically and through acquisition.

Business Overview

ATS is an industry-leading automation solutions provider to many of the world's most successful multinational companies. ATS has expertise 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, transportation, energy, consumer products, electronics, chemicals, food, beverage, 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 and its subsidiaries engage at varying points in the customers' automation cycle. 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 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, preventative maintenance, process optimization, emergency and on-call support, spare parts, retooling, retrofits and equipment relocation.

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.

Competitive Strengths

Management believes ATS has the following competitive strengths:

Global presence, size and critical mass: ATS' global presence and scale provide an advantage in serving multinational customers. The markets in which the Company operates are served primarily by competitors with narrow geographic and/or industrial market reach. ATS has manufacturing operations in Canada, the United States, Germany, China, Malaysia and Thailand. ATS can deliver localized service through a network of over 50 offices located 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: Automation manufacturing is a knowledge-based business. ATS has designed, manufactured, assembled and serviced over 23,000 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 1,300 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 and its subsidiaries have developed an extensive product and technology portfolio. ATS has a number of standard automation platforms, including SuperTrak™, an in-line, high-speed flexible pallet transport system; Discovery Dial™, a rotary dial indexer; Jetwing™ and Spaceline™, both synchronous indexing chassis; and OmniTrak™, which combines the synchronous drive of the Spaceline™ chassis with asynchronous pallet movement provided by the programmable SuperTrak™ pallet transfer system, allowing for multiple process times and selective synchronization of devices. Each of these automation platforms can be tailored to a customer's unique requirements.

Other standard automation products and technologies include advanced vision systems used to ensure product or process quality, numerous material handling and feeder technologies, high-accuracy and high-precision laser processing technologies, high-performance tube filling and cartoning technologies and advanced HMI control systems. Management believes the Company's extensive product and technology portfolio gives it an advantage in developing unique and leading solutions for customers and 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; and "Process Automation Solutions" or "PA", which provides innovative automation solutions for process and production sectors. 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. Most of ATS' customers are repeat customers and many have long-standing relationships with ATS, often spanning more than a decade. Management estimates that approximately 90% of ATS' Order Bookings in fiscal 2017 were placed by repeat customers.

Total solutions capabilities: Management believes the Company gains competitive advantages because ATS provides total turn-key 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.

Overview – Operating Results

Consolidated Revenues

(In millions of dollars)

Revenues by market		Q4 2017		Q4 2016		Fiscal 2017		Fiscal 2016
Consumer products & electronics	$	41.9	$	38.9	$	137.8	$	160.4
Energy		15.3		18.4		173.5		74.5
Life sciences		127.5		105.6		415.1		435.5
Transportation		81.0		83.9		284.5		369.2
Total revenues	$	265.7	$	246.8	$	1,010.9	$	1,039.6

Revenues by installation location		Q4 2017		Q4 2016		Fiscal 2017		Fiscal 2016
North America	$	103.0	$	93.3	$	365.6	$	456.9
Europe		116.2		100.6		406.5		394.1
Asia/Other		46.5		52.9		238.8		188.6
Total revenues	$	265.7	$	246.8	$	1,010.9	$	1,039.6

Fourth Quarter

Fiscal 2017 fourth quarter revenues were 8% higher than in the corresponding period a year ago. Higher revenues primarily reflected higher Order Backlog entering the fourth quarter of fiscal 2017 compared to a year ago. Foreign exchange rate changes negatively impacted the translation of revenues earned by foreign-based subsidiaries compared to the corresponding period a year ago, reflecting the strengthening of the Canadian dollar relative to the U.S. dollar and Euro.

By market, fiscal 2017 fourth quarter revenues from consumer products & electronics increased 8% due to timing of Order Bookings. Revenues generated in the energy market decreased 17% primarily due to the enterprise program won in the fourth quarter of fiscal 2016 that was cancelled in the third quarter of fiscal 2017. Revenues in the life sciences market increased 21% primarily reflecting higher Order Backlog entering the fourth quarter of fiscal 2017. Transportation revenues decreased 3% compared to a year ago primarily due to lower activity compared to the previous year.

Full Year

Fiscal 2017 revenues were 3% lower than in the corresponding period a year ago, primarily reflecting the timing of project activities. Fiscal 2017 revenues were negatively impacted by the suspension and subsequent cancellation of a part of the large enterprise program won in the fourth quarter of fiscal 2016 and by revised estimates and adjustments related to certain programs that are in process or have been completed. Foreign exchange rate changes did not materially impact the translation of revenues earned in foreign currencies into Canadian dollars.

By market, fiscal 2017 revenues from consumer products & electronics decreased 14%, primarily reflecting lower activity in the consumer products market. Revenues generated in the energy market increased 133%, compared to the corresponding period a year ago, primarily due to higher Order Backlog entering fiscal 2017 compared to a year ago. Revenues generated in the life sciences market decreased 5%, primarily reflecting the timing of project activities and lower Order Backlog at the end of fiscal 2016, compared to the previous year. Transportation revenues decreased 23% compared to a year ago primarily due to lower Order Backlog entering fiscal 2017, compared to a year ago.

Consolidated Operating Results

(In millions of dollars)

		Q4 2017		Q4 2016		**Fiscal 2017**		Fiscal 2016
Earnings from operations	**$**	**16.8**	$	8.1	**$**	**71.9**	$	76.8
Amortization of acquisition-related intangible assets		**4.8**		5.7		**20.0**		24.5
Share purchase allowance		**2.9**		–		**2.9**		–
Restructuring charges		**–**		2.3		**2.3**		9.7
Executive transition expenses		**–**		7.1		**–**		7.1
Gain on sale of assets		**–**		–		**–**		(3.7)
Adjusted earnings from operations[1]	**$**	**24.5**	$	23.2	**$**	**97.1**	$	114.4

1 See "Notice to Reader: Non-IFRS Measures and Additional IFRS Measures."

		Q4 2017		Q4 2016		**Fiscal 2017**		Fiscal 2016
Earnings from operations	**$**	**16.8**	$	8.1	**$**	**71.9**	$	76.8
Depreciation and amortization		**8.8**		9.6		**34.6**		39.3
EBITDA[2]	**$**	**25.6**	$	17.7	**$**	**106.5**	$	116.1

2 See "Notice to Reader: Non-IFRS Measures and Additional IFRS Measures."

Fourth Quarter

Fiscal 2017 fourth quarter earnings from operations were $16.8 million (6% operating margin) compared to $8.1 million (3% operating margin) in the fourth quarter of fiscal 2016. Included in fourth quarter fiscal 2017 earnings from operations was a share purchase allowance of $2.9 million, which was paid to Mr. Hider as an inducement to join the Company. The after-tax proceeds of the share purchase allowance were used to purchase shares of ATS in the public market. Fourth quarter fiscal 2017 earnings from operations also included $4.8 million related to amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK and sortimat. Included in fourth quarter fiscal 2016 earnings from operations was $5.7 million related to amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK and sortimat, $2.3 million of restructuring and severance costs and $7.1 million of executive transition expenses related to the transition agreement entered into between the Company and the former Chief Executive Officer of ATS. Excluding these items, fourth quarter fiscal 2017 adjusted earnings from operations were $24.5 million (9% margin), compared to adjusted earnings from operations of $23.2 million (9% margin) a year ago. Higher adjusted earnings from operations primarily reflected higher revenues, offset by increased stock compensation expenses (see "Consolidated Results: Stock-based Compensation").

Depreciation and amortization expense was $8.8 million in the fourth quarter of fiscal 2017, compared to $9.6 million a year ago. The decrease primarily reflected lower amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK and sortimat compared to the fourth quarter of fiscal 2016.

EBITDA was $25.6 million (10% EBITDA margin) in the fourth quarter of fiscal 2017 compared to $17.7 million (7% EBITDA margin) in the fourth quarter of fiscal 2016. Excluding the share purchase allowance, fourth quarter fiscal 2017 EBITDA was $28.5 million (11% EBITDA margin). Comparably, excluding restructuring and severance costs and executive transition expenses, fourth quarter fiscal 2016 EBITDA was $27.1 million (11% EBITDA margin).

Full Year

Earnings from operations were $71.9 million (7% operating margin) in fiscal 2017, compared to $76.8 million (7% operating margin) in the corresponding period a year ago. Earnings from operations included $2.9 million for the share purchase allowance, $2.3 million of restructuring and severance costs and $20.0 million of amortization costs related to the amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK and sortimat. Fiscal 2016 earnings from operations included $24.5 million of amortization costs related to the amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK and sortimat, $9.7 million of restructuring and severance costs, $7.1 million of executive transition expenses and a gain of $3.7 million on the sale of a redundant U.S. facility. Excluding these items, adjusted earnings from operations were $97.1 million (10% margin) compared to adjusted earnings from operations of $114.4 million (11% margin) in the corresponding period a year ago. Lower adjusted earnings from operations primarily reflected lower revenues, higher selling, general and administrative expenses and increased stock compensation costs.

Depreciation and amortization expense was $34.6 million in fiscal 2017, compared to $39.3 million a year ago. The decrease primarily reflected lower amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK, ATW and sortimat, compared to fiscal 2016.

EBITDA was $106.5 million (11% EBITDA margin) compared to $116.1 million (11% EBITDA margin) in fiscal 2016. Excluding the share purchase allowance and restructuring costs, fiscal 2017 EBITDA was $111.7 million (11% EBITDA margin). Comparably, excluding executive transition expenses, restructuring costs and the gain on the sale of the U.S. facility, fiscal 2016 EBITDA was $129.2 million (12% EBITDA margin).

Order Bookings by Quarter

(In millions of dollars)

		Fiscal 2017		Fiscal 2016
Q1	$	239	$	222
Q2		289		230
Q3		284		228
Q4		322		390
Total Order Bookings	$	1,134	$	1,070

Fourth Quarter

Fourth quarter fiscal 2017 Order Bookings were $322 million, a 17% decrease from the fourth quarter of fiscal 2016. By customer market, higher Order Bookings in the transportation and life sciences markets were offset by lower Order Bookings in the energy and consumer products & electronics markets. Included in fourth quarter fiscal 2016 Order Bookings was an enterprise program valued at approximately U.S. $100 million, part of which was subsequently cancelled in the third quarter of fiscal 2017. Foreign exchange rate changes negatively impacted the translation of Order Bookings from foreign-based ATS subsidiaries compared to the corresponding period a year ago.

Full Year

Fiscal 2017 Order Bookings were $1,134 million, a 6% increase from prior year Order Bookings of $1,070 million. By market, higher Order Bookings in the life sciences and transportation markets more than offset lower Order Bookings in energy and consumer products & electronics. Foreign exchange rate changes did not materially impact the translation of Order Bookings from foreign-based ATS subsidiaries compared to fiscal 2016.

Order Backlog Continuity

(In millions of dollars)

	Q4 2017	Q4 2016	Fiscal 2017	Fiscal 2016
Opening Order Backlog	$ 632	$ 546	$ 652	$ 632
Revenues	(266)	(247)	(1,011)	(1,040)
Order Bookings	322	390	1,134	1,070
Order Backlog adjustments[1]	(7)	(37)	(94)	(10)
Total	$ 681	$ 652	$ 681	$ 652

1 Order Backlog adjustments include foreign exchange adjustments and cancellations.

Order Backlog by Market

(In millions of dollars)

	Fiscal 2017	Fiscal 2016
Consumer products & electronics	$ 54	$ 85
Energy	94	186
Life sciences	355	224
Transportation	178	157
Total	$ 681	$ 652

At March 31, 2017, Order Backlog was a record $681 million, 4% higher than at March 31, 2016. Higher Order Backlog in the life sciences and transportation markets was partially offset by lower Order Backlog in the consumer products & electronics and energy markets. Foreign exchange rate changes also negatively impacted the translation of Order Backlog from foreign-based ATS subsidiaries compared to fiscal 2016.

Outlook

The global economic environment has shown some recent signs of improvement; however, geopolitical risks remain. Economic growth in the U.S., Canadian and European economies has been slow. Economic growth in China and other parts of Asia has decelerated. A prolonged or more significant downturn in an economy where the Company operates could negatively impact Order Bookings and may add to volatility in Order Bookings.

Funnel activity in life sciences has remained strong and funnel activity in the transportation market improved with an increase in opportunities in new technologies. Activity in energy markets is sporadic, but the funnel contains meaningful opportunities. Funnel activity in the consumer products & electronics market has improved; however, it remains low relative to other customer markets. Overall, the Company's funnel remains significant; however, conversion of opportunities into Order Bookings is variable, as customers remain cautious in their approach to capital investment.

The Company's sales organization continues to work to engage customers on enterprise-type solutions. The Company expects that this will provide ATS with more strategic relationships, increased predictability, better program control and less sensitivity to macroeconomic forces. This approach to market and the timing of customer decisions on larger opportunities may cause variability in Order Bookings from quarter to quarter and, as is already the case, lengthen the performance period and revenue recognition for certain customer programs. The Company expects its Order Backlog of $681 million at the end of fiscal 2017 to partially mitigate the impact of volatile Order Bookings on revenues in the short term. In the first quarter of fiscal 2018, management expects Order Backlog conversion to be in the 35% to 40% range. The expected conversion rate is based on current programs in Order Backlog and management's estimate of revenues from new Order Bookings in the quarter.

The Company's efforts to expand its after-sales service offering is expected to provide some balance to its exposure to the capital expenditure cycle of its customers. However, the intended ramp-up of the Company's after-sales service revenues may not offset capital spending volatility in the short term.

Management's disciplined focus on program management, cost reductions, standardization and quality is expected to put ATS in a strong, competitive position to capitalize on opportunities. In fiscal 2017, the Company initiated the closure of a U.S.-based operation to re-balance global capacity and improve the Company's cost structure. These actions resulted in charges of $2.3 million in fiscal 2017. Over the long term, management expects that the application of its ongoing efforts to improve ATS' cost structure, business processes, leadership and supply chain management will have a positive impact on ATS operations.

The Company seeks to continue to expand its position in the global automation market organically and through acquisition. The Company's solid foundation and strong cash flow generation capability provide the flexibility to pursue its growth strategy.

Consolidated Results

Selected Fourth Quarter and Annual Information

(In millions of dollars, except per share data)

	Q4 2017	Q4 2016	Fiscal 2017	Fiscal 2016	Fiscal 2015
Revenues	**$ 265.7**	$ 246.8	**$ 1,010.9**	$ 1,039.6	$ 936.1
Cost of revenues	**201.7**	185.7	**760.3**	780.9	691.1
Selling, general and administrative	**45.3**	53.5	**171.9**	179.3	173.7
Stock-based compensation	**1.9**	(0.5)	**6.8**	2.6	4.3
Earnings from operations	**$ 16.8**	$ 8.1	**$ 71.9**	$ 76.8	$ 67.0
Net finance costs	**$ 6.3**	$ 7.9	**$ 25.6**	$ 26.7	$ 11.9
Provision for (recovery of) income taxes	**2.7**	(1.2)	**11.3**	10.5	16.2
Net income from continuing operations	**$ 7.8**	$ 1.4	**$ 35.0**	$ 39.6	$ 38.9
Income from discontinued operations, net of tax	**$ –**	$ –	**$ –**	$ –	$ 16.2
Net income	**$ 7.8**	$ 1.4	**$ 35.0**	$ 39.6	$ 55.1
Earnings per share					
Basic from continuing operations	**$ 0.08**	$ 0.02	**$ 0.38**	$ 0.43	$ 0.43
Basic from discontinued operations	**$ –**	$ –	**$ –**	$ –	$ 0.18
	$ 0.08	$ 0.02	**$ 0.38**	$ 0.43	$ 0.61
Diluted from continuing operations	**$ 0.08**	$ 0.02	**$ 0.38**	$ 0.43	$ 0.42
Diluted from discontinued operations	**$ –**	$ –	**$ –**	$ –	$ 0.18
	$ 0.08	$ 0.02	**$ 0.38**	$ 0.43	$ 0.60
From continuing operations:					
Total assets			**$ 1,374.6**	$ 1,367.5	$ 1,220.7
Total cash and short-term investments			**$ 286.7**	$ 170.0	$ 106.1
Total bank debt			**$ 328.7**	$ 323.7	$ 291.3

Revenues. At $265.7 million, consolidated revenues for the fourth quarter of fiscal 2017 were $18.9 million, or 8% higher than the corresponding period a year ago. At $1,010.9 million, fiscal 2017 revenues were $28.7 million, or 3% lower than in the corresponding previous year (see "Overview – Operating Results").

Cost of revenues. At $201.7 million, fourth quarter fiscal 2017 cost of revenues increased compared to the corresponding period a year ago by $16.0 million, or 9%, primarily on higher revenues. Annual cost of revenues of $760.3 million decreased by $20.6 million, or 3%, primarily on lower revenues generated compared to the corresponding period last year.

At 24%, gross margin in the fourth quarter of fiscal 2017 decreased 1% from the corresponding period a year ago. Lower fourth quarter gross margins primarily reflected some lower margin programs, which were bid and are being executed by the Company, and certain programs where costs exceeded budgets. Fiscal 2017 gross margin of 25% was consistent with the corresponding period a year ago.

Selling, general and administrative ("SG&A") expenses. SG&A expenses for the fourth quarter of fiscal 2017 were $45.3 million, which included $4.8 million of amortization costs related to the amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK and sortimat and $2.9 million for the share purchase allowance. SG&A expenses for the fourth quarter of fiscal 2016 were $53.5 million, which included $5.7 million of amortization costs related to the amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK and sortimat; $2.3 million of restructuring and severance costs; and $7.1 million of executive transition expenses. Excluding these costs, SG&A expenses were $37.6 million in the fourth quarter of fiscal 2017, down from $38.4 million a year ago. Lower SG&A expenses in the fourth quarter of fiscal 2017 primarily reflected foreign exchange rate changes, which reduced the translation of reported SG&A expenses of foreign-based subsidiaries due to the strengthening of the Canadian dollar relative to the U.S. dollar and Euro.

Fiscal 2017 SG&A expenses were $171.9 million, which included $20.0 million of amortization costs related to the amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK and sortimat; $2.3 million of restructuring and severance costs; and $2.9 million for the share purchase allowance. Excluding these items, SG&A expenses were $146.7 million for fiscal 2017. Comparably, SG&A expenses for fiscal 2016 were $141.7 million, which excludes $24.5 million of amortization costs related to the amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK and sortimat; $9.7 million of restructuring and severance costs; a gain of $3.7 million on the sale of a U.S. facility; and $7.1 million of executive transition expenses. Higher SG&A expenses in fiscal 2017 primarily reflected increased employee costs and foreign exchange rate changes, which increased the translation of reported SG&A expenses of foreign-based subsidiaries, primarily due to the weakening of the Canadian dollar relative to the U.S. dollar and Euro.

Stock-based compensation. Stock-based compensation expense amounted to $1.9 million in the fourth quarter of fiscal 2017 compared to a recovery of $0.5 million in the corresponding period a year ago. Fiscal 2017 stock-based compensation expense increased to $6.8 million from $2.6 million a year ago. The increase in stock-based compensation costs is attributable to higher expenses from stock options and the revaluation of deferred stock units and restricted share units.

Earnings from operations. For the three- and twelve-month periods ended March 31, 2017, consolidated earnings from operations were $16.8 million (6% operating margin) and $71.9 million (7% operating margin), respectively, compared to earnings from operations of $8.1 million (3% operating margin) and $76.8 million (7% operating margin), respectively, in the corresponding periods of fiscal 2016 (see "Overview – Operating Results").

Net finance costs. Net finance costs were $6.3 million in the fourth quarter of fiscal 2017, $1.6 million lower than in the corresponding period a year ago. Fiscal 2017 finance costs were $25.6 million, compared to $26.7 million in the corresponding period a year ago. The decrease was primarily due to the benefit of cross-currency interest swaps, which were entered into in the fourth quarter of fiscal 2016 (see "Foreign Exchange").

Income tax provision. For the three and twelve months ended March 31, 2017, the Company's effective income tax rates of 26% and 24%, respectively, differed from the combined Canadian basic federal and provincial income tax rate of 27%, primarily due to income earned in certain jurisdictions with different statutory tax rates. The Company expects its effective tax rate to remain in the range of 25%.

Net income. Fiscal 2017 fourth quarter net income was $7.8 million (8 cents per share basic and diluted) compared to $1.4 million (2 cents per share basic and diluted) for the fourth quarter of fiscal 2016. Adjusted basic earnings per share were 15 cents in the fourth quarter of fiscal 2017 compared to 14 cents for the fourth quarter of fiscal 2016 (see "Reconciliation of Non-IFRS Measures to IFRS Measures").

Fiscal 2017 net income was $35.0 million (38 cents per share basic and diluted) compared to $39.6 million (43 cents per share basic and diluted) for the corresponding period a year ago. Adjusted basic earnings per share were 57 cents in fiscal 2017, compared to 72 cents in the corresponding period a year ago (see "Reconciliation of Non-IFRS Measures to IFRS Measures").

Reconciliation of Non-IFRS Measures to IFRS Measures

(In millions of dollars, except per share data)

The following table reconciles EBITDA to the most directly comparable IFRS measure (net income from continuing operations):

		Fiscal 2017		Fiscal 2016		Fiscal 2015
EBITDA	**$**	**106.5**	$	116.1	$	107.5
Less: depreciation and amortization expense		**34.6**		39.3		40.5
Earnings from operations	**$**	**71.9**	$	76.8	$	67.0
Less: net finance costs		**25.6**		26.7		11.9
Provision for income taxes		**11.3**		10.5		16.2
Net income from continuing operations	**$**	**35.0**	$	39.6	$	38.9

		Q4 2017		Q4 2016
EBITDA	**$**	**25.6**	$	17.7
Less: depreciation and amortization expense		**8.8**		9.6
Earnings from operations	**$**	**16.8**	$	8.1
Less: net finance costs		**6.3**		7.9
Provision for (recovery of) income taxes		**2.7**		(1.2)
Net income from continuing operations	**$**	**7.8**	$	1.4

The following table reconciles adjusted earnings from operations and adjusted basic earnings per share to the most directly comparable IFRS measure (net income and basic earnings per share, respectively):

	Three Months Ended March 31, 2017			Three Months Ended March 31, 2016		
	IFRS	**Adjustments**	**Adjusted (non-IFRS)**	IFRS	Adjustments	Adjusted (non-IFRS)
Earnings from operations	**$ 16.8**	**$ –**	**$ 16.8**	$ 8.1	$ –	$ 8.1
Amortization of acquisition-related intangible assets	**–**	**4.8**	**4.8**	–	5.7	5.7
Restructuring charges	**–**	**–**	**–**	–	2.3	2.3
Executive transition expenses	**–**	**–**	**–**	–	7.1	7.1
Share purchase allowance	**–**	**2.9**	**2.9**	–	–	–
	$ 16.8	**$ 7.7**	**$ 24.5**	$ 8.1	$ 15.1	$ 23.2
Less: net finance costs	**$ 6.3**	**$ –**	**$ 6.3**	$ 7.9	$ –	$ 7.9
Income before income taxes	**$ 10.5**	**$ 7.7**	**$ 18.2**	$ 0.2	$ 15.1	$ 15.3
Provision for (recovery of) income taxes	**$ 2.7**	**$ –**	**$ 2.7**	$ (1.2)	$ –	$ (1.2)
Adjustment to provision for income taxes[1]	**–**	**2.2**	**2.2**	–	4.0	4.0
	$ 2.7	**$ 2.2**	**$ 4.9**	$ (1.2)	$ 4.0	$ 2.8
Net income	**$ 7.8**	**$ 5.5**	**$ 13.3**	$ 1.4	$ 11.1	$ 12.5
Basic earnings per share	**$ 0.08**	**$ 0.07**	**$ 0.15**	$ 0.02	$ 0.12	$ 0.14

1 Adjustments to provision for income taxes relate to the income tax effects of adjustment items that are excluded for the purposes of calculating non-IFRS based adjusted net income.

	Twelve Months Ended March 31, 2017			Twelve Months Ended March 31, 2016		
	IFRS	Adjustments	Adjusted (non-IFRS)	IFRS	Adjustments	Adjusted (non-IFRS)
Earnings from operations	$ 71.9	$ –	$ 71.9	$ 76.8	$ –	$ 76.8
Amortization of acquisition-related intangible assets	–	20.0	20.0	–	24.5	24.5
Restructuring charges	–	2.3	2.3	–	9.7	9.7
Gain on sale of assets	–	–	–	–	(3.7)	(3.7)
Executive transition expenses	–	–	–	–	7.1	7.1
Share purchase allowance	–	2.9	2.9	–	–	–
	$ 71.9	$ 25.2	$ 97.1	$ 76.8	$ 37.6	$ 114.4
Less: net finance costs	$ 25.6	$ –	$ 25.6	$ 26.7	$ –	$ 26.7
Income before income taxes	$ 46.3	$ 25.2	$ 71.5	$ 50.1	$ 37.6	$ 87.7
Provision for income taxes	$ 11.3	$ –	$ 11.3	$ 10.5	$ –	$ 10.5
Adjustment to provision for income taxes[1]	–	7.8	7.8	–	10.7	10.7
	$ 11.3	$ 7.8	$ 19.1	$ 10.5	$ 10.7	$ 21.2
Net income	$ 35.0	$ 17.4	$ 52.4	$ 39.6	$ 26.9	$ 66.5
Basic earnings per share	$ 0.38	$ 0.19	$ 0.57	$ 0.43	$ 0.29	$ 0.72

1 Adjustments to provision for income taxes relate to the income tax effects of adjustment items that are excluded for the purposes of calculating non-IFRS based adjusted net income.

Summary of Investments, Liquidity, Cash Flow and Financial Resources

Investments

(In millions of dollars)

	Fiscal 2017	Fiscal 2016
Investments – increase (decrease)		
Non-cash operating working capital	**$ (56.5)**	$ 30.8
Property, plant and equipment	**9.9**	10.1
Acquisition of intangible assets	**8.0**	5.6
Purchase of non-controlling interest	**–**	0.1
Proceeds from disposal of assets	**(0.1)**	(22.3)
Proceeds from sale of subsidiary	**–**	(2.3)
Total net investments	**$ (38.7)**	$ 22.0

In fiscal 2017, the Company's investment in non-cash working capital decreased $56.5 million, compared to an increase of $30.8 million a year ago. Accounts receivable decreased 15%, or $29.8 million, driven by the timing of billings on certain customer contracts. Net contracts in progress decreased 37%, or $28.3 million, compared to March 31, 2016. The Company actively manages its accounts receivable and net contracts in progress balances through billing terms on long-term contracts, collection efforts and supplier payment terms. Inventories increased 4%, or $1.8 million, primarily due to the timing of inventory purchases. Deposits and prepaid assets decreased 28%, or $6.2 million, compared to March 31, 2016 due to the timing of program execution. Accounts payable and accrued liabilities increased 3%, or $5.0 million, compared to March 31, 2016. Provisions decreased 30%, or $6.1 million, compared to March 31, 2016 due to the payment in fiscal 2017 of the executive transition provision accrued in fiscal 2016.

Capital expenditures totalled $9.9 million for fiscal 2017, primarily related to computer hardware. Capital expenditures totalled $10.1 million in fiscal 2016, primarily related to computer hardware.

Intangible assets expenditures for fiscal 2017 and fiscal 2016 were $8.0 million and $5.6 million, respectively, and primarily related to computer software and various internal development projects.

Purchase of non-controlling interest was $0.1 million in fiscal 2016. There were no such transactions in fiscal 2017.

Proceeds from disposal of assets were $0.1 million in fiscal 2017, compared to $22.3 million in fiscal 2016. The decrease primarily reflects the sale of a U.S. facility and the sale of certain other redundant assets in fiscal 2016.

Proceeds from sale of subsidiary were $2.3 million in fiscal 2016, related to the sale of a Swiss subsidiary, which closed in fiscal 2016. There were no such transactions in fiscal 2017.

The Company performs impairment tests on its goodwill and intangible asset balances on an annual basis or as warranted by events or circumstances. The Company conducted its annual impairment assessment in the fourth quarter of fiscal 2017 and determined there is no impairment of goodwill or intangible assets as of March 31, 2017 (fiscal 2016 – $nil).

All the Company's investments involve risks and require that the Company make judgments and estimates regarding the likelihood of recovery of the respective costs. In the event management determines that any of the Company's investments have become permanently impaired or recovery is no longer reasonably assured, the value of the investment would be written down to its estimated net realizable value as a charge against earnings. Due to the magnitude of certain investments, such write-downs could be material.

Liquidity, Cash Flow and Financial Resources

(In millions of dollars, except ratios)

		Fiscal 2017		Fiscal 2016
Cash and cash equivalents	**$**	**286.7**	$	170.0
Debt-to-equity ratio		**0.52:1**		0.56:1
Cash flows provided by operating activities	**$**	**127.9**	$	35.8

At March 31, 2017, the Company had cash and cash equivalents of $286.7 million compared to $170.0 million at March 31, 2016. At March 31, 2017, the Company's debt-to-total equity ratio was 0.52:1.

At March 31, 2017, the Company had $639.1 million of unutilized multipurpose credit, including letters of credit, available under existing credit facilities and an additional $2.9 million available under letter of credit facilities.

In fiscal 2017, cash flows provided by operating activities were $127.9 million ($35.8 million provided by operating activities in the corresponding period a year ago). The increase in operating cash flows related primarily to the timing of investments in non-cash working capital in certain customer programs.

The Company's U.S. $250.0 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. 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. Transaction fees of $7.2 million were deferred and are being amortized over the term of the Senior Notes.

The Company's senior secured credit facility (the "Credit Facility") provides a committed revolving credit facility of $750.0 million. The Credit Facility is secured by: (i) the Company's assets, including real estate; (ii) assets, including certain real estate, of certain of the Company's North American subsidiaries; and (iii) a pledge of shares of certain of the Company's non-North American subsidiaries. Certain of the Company's subsidiaries also provide guarantees under the Credit Facility. At March 31, 2017, the Company had utilized $115.0 million under the Credit Facility by way of letters of credit (March 31, 2016 – $115.1 million). The Credit Facility matures on August 29, 2018.

The Credit Facility is available in Canadian dollars by way of prime rate advances and/or bankers' acceptances, in U.S. dollars by way of base rate advances and/or LIBOR advances, in Swiss francs, Euros and British pounds sterling by way of LIBOR advances and by way of letters of credit for certain purposes in Canadian dollars, U.S. dollars and Euros. The interest rates applicable to the Credit Facility are determined based on a debt to EBITDA ratio as defined in the Credit Facility. For prime rate advances and base rate advances, the interest rate is equal to the bank's prime rate or the bank's U.S. dollar base rate in Canada, respectively, plus a margin ranging from 0.45% to 2.00%. For bankers' acceptances and LIBOR advances, the interest rate is equal to the bankers' acceptance fee or LIBOR, respectively, plus a margin that varies from 1.45% to 3.00%. The Company pays a fee for usage of financial letters of credit, which ranges from 1.45% to 3.00% and a fee for usage of non-financial letters of credit, which ranges from 0.97% to 2.00%. The Company pays a standby fee on the unadvanced portions of the amounts available for advance or draw-down under the Credit Facility at rates ranging from 0.29% to 0.68%.

The Credit Facility is subject to a debt to EBITDA test and an interest coverage test. Under the terms of the Credit Facility, the Company is restricted from encumbering any assets with certain permitted exceptions. The Credit Facility also limits advances to subsidiaries and partially restricts the Company from repurchasing its common shares and paying dividends. At March 31, 2017, all of the covenants were met.

The Company has additional credit facilities available of $8.1 million (3.3 million Euros, 75.0 million Indian Rupees, 50.0 million Thai Baht and 1.1 million Czech Koruna). The total amount outstanding on these facilities at March 31, 2017 was $4.0 million, of which $1.4 million was classified as bank indebtedness (March 31, 2016 – $2.3 million) and $2.6 million was classified as long-term debt (March 31, 2016 – $7.1 million). The interest rates applicable to the credit facilities range from 1.66% to 9.18% per annum. A portion of the long-term debt is secured by certain assets of the Company. The 75.0 million Indian Rupees and the 50.0 million Thai Baht credit facilities are secured by letters of credit under the Credit Facility.

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 at a level below 15%. 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. The Company expects to continue to use leverage to support its growth strategy.

Contractual Obligations

(In millions of dollars)

The Company's minimum operating lease payments (related primarily to facilities and equipment) and purchase obligations are as follows:

	Operating leases	Purchase obligations
Less than one year	$ 10.5	$ 83.5
One – two years	7.7	7.4
Two – three years	6.9	0.1
Three – four years	6.1	–
Four – five years	4.9	–
Due in over five years	1.3	–
	$ 37.4	$ 91.0

The Company's off-balance sheet arrangements consist of purchase obligations and various operating lease financing arrangements related primarily to facilities and equipment that were entered into in the normal course of business. The Company's purchase obligations consist primarily of commitments for material purchases.

In accordance with industry practice, the Company is liable to customers for obligations relating to contract completion and timely delivery. In the normal conduct of its operations, the Company may provide letters of credit as security for advances received from customers pending delivery and contract performance. In addition, the Company provides letters of credit for post-retirement obligations and may provide letters of credit as security on equipment under lease and on order. At March 31, 2017, the total value of outstanding letters of credit was approximately $136.0 million (March 31, 2016 – $137.0 million).

In the normal course of operations, the Company is party to a number of lawsuits, claims and contingencies. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company does not believe that the ultimate outcome of these matters will have a material impact on its consolidated financial position.

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counterparties to default on their contractual obligations to the Company. The Company minimizes this risk by limiting counterparties to major financial institutions and monitoring their creditworthiness. The Company's credit exposure to forward foreign exchange contracts is the current replacement value of contracts that are in a gain position. For further information related to the Company's use of derivative financial instruments, refer to note 11 of the consolidated financial statements. The Company is also exposed to credit risk from its customers. Substantially all of the Company's trade accounts receivable are due from customers in a variety of industries and, as such, are subject to normal credit risks from their respective industries. The Company regularly monitors customers for changes in credit risk. The Company does not believe that any single market or geographic region represents significant credit risk. Credit risk concentration, with respect to trade receivables, is mitigated as the Company primarily serves large, multinational customers and obtains insurance in certain instances.

During fiscal 2017, 1,308,667 stock options were exercised. At May 17, 2017 the total number of shares outstanding was 93,602,026 and there were 2,274,724 stock options outstanding to acquire common shares of the Company.

Normal Course Issuer Bid

On November 4, 2015, 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 ("NCIB"). Under the NCIB, ATS had the ability to purchase, for cancellation, up to a maximum of 4,600,000 common shares, representing approximately 5% of the 92,541,582 common shares that were issued and outstanding as of October 31, 2015.

During fiscal 2016, the Company purchased 481,473 common shares for $6.0 million under the NCIB. The weighted average price per share repurchased was $12.45. No subsequent purchases were made in fiscal 2017. The NCIB expired on November 5, 2016.

Related Party Transactions

The Company has an agreement with a shareholder, Mason Capital Management, LLC ("Mason Capital"), pursuant to which Mason Capital has agreed to provide ATS with ongoing strategic and capital markets advisory services for an annual fee of U.S. $0.5 million. As part of the agreement, a member of the Company's Board of Directors who is associated with Mason Capital has waived any fees to which he may have otherwise been entitled for serving as a member of the Board of Directors or as a member of any committee of the Board of Directors.

There were no other significant related party transactions in fiscal 2017.

Foreign Exchange

The Company is exposed to foreign exchange risk as a result of transactions in currencies other than its functional currency of the Canadian dollar, through borrowings made by the Company in currencies other than its functional currency and through its investments in its foreign-based subsidiaries.

The Company's Canadian operations generate significant revenues in major foreign currencies, primarily U.S. dollars, which exceed the natural hedge provided by purchases of goods and services in those currencies. In order to manage a portion of this foreign currency exposure, the Company has entered into forward foreign exchange contracts. The timing and amount of these forward foreign exchange contract requirements are estimated based on existing customer contracts on hand or anticipated, current conditions in the Company's markets and the Company's past experience. Certain of the Company's foreign subsidiaries will also enter into forward foreign exchange contracts to hedge identified balance sheet, revenue and purchase exposures. The Company's forward foreign exchange contract hedging program is intended to mitigate movements in currency rates primarily over a four- to six-month period.

The Company uses cross-currency swaps as derivative financial instruments to hedge a portion of its foreign exchange risk related to its U.S.-dollar-denominated Senior Notes. On March 29, 2016, the Company entered into a cross-currency interest rate swap instrument to swap U.S. $150.0 million into Canadian dollars. The Company will receive interest of 6.50% U.S. per annum and pay interest of 6.501% Canadian. The terms of the hedging relationship will end on June 15, 2023.

The Company manages foreign exchange risk on its Euro denominated net investments. The Company uses cross-currency swaps as derivative financial instruments to hedge a portion of the foreign exchange risk related to its Euro-denominated net investment. On March 29, 2016, the Company entered into a cross-currency interest rate swap instrument to swap 134.1 million Euros into Canadian dollars. The Company will receive interest of 6.501% Canadian per annum and pay interest of 5.094% Euros. The terms of the hedging relationship will end on June 15, 2023. As a result of the cross-currency interest rate swap instruments, the Company expects its interest expenses to be reduced by approximately U.S. $2 million per annum from the coupon rate of the Senior Notes.

In addition, from time to time, the Company may hedge the foreign exchange risk arising from foreign currency debt, intercompany loans, net investments in foreign-based subsidiaries and committed acquisitions through the use of forward foreign exchange contracts or other non-derivative financial instruments. The Company uses hedging as a risk management tool, not to speculate. See note 11 to the consolidated financial statements for details on the derivative financial instruments outstanding at March 31, 2017.

	Year-end actual exchange rates			Period average exchange rates		
	March 31, 2017	March 31, 2016	% change	**March 31, 2017**	March 31, 2016	% change
U.S. Dollar	**1.330**	1.299	2.4%	**1.313**	1.311	0.2%
Euro	**1.419**	1.478	(4.0%)	**1.440**	1.447	(0.5%)

Consolidated Quarterly Results

(In millions of dollars, except per share amounts)

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Revenues	**$ 265.7**	$ 237.4	$ 242.5	$ 265.4	$ 246.8	$ 274.9	$ 263.7	$ 254.3
Earnings from operations	**$ 16.8**	$ 15.3	$ 17.3	$ 22.6	$ 8.1	$ 26.8	$ 24.4	$ 17.5
Adjusted earnings from operations	**$ 24.5**	$ 22.5	$ 22.3	$ 27.9	$ 23.2	$ 32.1	$ 31.7	$ 27.4
Net income	**$ 7.8**	$ 6.6	$ 8.5	$ 12.1	$ 1.4	$ 15.5	$ 12.8	$ 9.8
Basic and diluted earnings per share	**$ 0.08**	$ 0.07	$ 0.09	$ 0.13	$ 0.02	$ 0.16	$ 0.14	$ 0.11
Adjusted basic earnings per share	**$ 0.15**	$ 0.12	$ 0.13	$ 0.17	$ 0.14	$ 0.21	$ 0.19	$ 0.18
Order Bookings	**$ 322.0**	$ 284.0	$ 289.0	$ 239.0	$ 390.0	$ 228.0	$ 230.0	$ 222.0
Order Backlog	**$ 681.0**	$ 632.0	$ 654.0	$ 610.0	$ 652.0	$ 546.0	$ 589.0	$ 590.0

Interim financial results are not necessarily indicative of annual or longer-term results because many of the individual markets served by the Company tend to be cyclical in nature. 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 and the timing of third-party content, and by the timing of acquisitions. General economic trends, product life cycles and product changes may impact revenues and operating performance. ATS typically experiences some seasonality with its Order Bookings, revenues and earnings from operations due to summer plant shutdowns by its customers.

Critical Accounting Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the end of the reporting period. Uncertainty about these estimates, judgments and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company based its assumptions on information available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the estimates as they occur.

Notes 2 and 3 to the consolidated financial statements describe the basis of accounting and the Company's significant accounting policies.

Revenue recognition and contracts in progress

The nature of ATS contracts requires the use of estimates to quote new business, and most automation systems are typically sold on a fixed-price basis. Revenues on construction contracts and other long-term contracts are recognized on a percentage of completion basis as outlined in note 3(d) "Revenue Recognition – Construction contracts" to the consolidated financial statements. In applying the accounting policy on construction contracts, 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. 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. The use of estimates involves risks, since the work to be performed requires varying degrees of technical uncertainty, including possible development work to meet the

customer's specification, the extent of which is sometimes not determinable until after the project has been awarded. In the event the Company is unable to meet the defined performance specification for a contracted automation system, it may need to 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 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.

ATS' contracts may be terminated by customers in the event of a default by the Company or, in some cases, for the convenience of the customer. In the event of a termination for convenience, the Company typically negotiates a payment provision reflective of the progress achieved on the contract and/or the costs incurred to the termination date. If a contract is cancelled, Order Backlog is reduced and production utilization may be negatively impacted.

A complete provision, which can be significant, is made for losses on such contracts when the losses first become known. Revisions in estimates of costs and profits on contracts, which can also be significant, are recorded in the accounting period in which the relevant facts impacting the estimates become known.

A portion of ATS' revenue is recognized when earned, which is generally at the time of shipment and transfer of title to the customer, provided collection is reasonably assured.

Income taxes

Deferred income tax assets, disclosed in note 16 to the consolidated financial statements, are recognized to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax-planning strategies.

If the assessment of the Company's ability to utilize the deferred income tax asset changes, the Company would be required to recognize more or fewer of the deferred income tax assets, which would increase or decrease income tax expense in the period in which this is determined. The Company establishes provisions based on reasonable estimates for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous taxation audits and differing interpretations of tax regulations by the taxable entity and the respective tax authority. These provisions for uncertain tax positions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all the relevant factors. The Company reviews the adequacy of these provisions at each quarter. However, it is possible that at some future date an additional liability could result from audits by the taxation authorities. Where the final tax outcome of these matters is different from the amount initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Stock-based payment transactions

The Company measures the cost of transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for stock-based payment transactions requires the determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model, including the future forfeiture rate, the expected life of the share option, weighted average risk-free interest rate, volatility and dividend yield, and formation of assumptions. The assumptions and models used for estimating fair value for stock-based payment transactions are disclosed in note 17 of the consolidated financial statements.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The calculations involve significant estimates and assumptions. Items estimated include cash flows, discount rates and assumptions on revenue growth rates. These estimates could effect the Company's future results if the current estimates of future performance and fair values change. Goodwill is assessed for impairment on an annual basis as described in note 9 to the consolidated financial statements. The Company performed its annual impairment test of goodwill as at March 31, 2017 and determined there was no impairment (March 31, 2016 – $nil).

Provisions

As described in note 3(q) to the consolidated financial statements, the Company records a provision when an obligation exists, an outflow of economic resources required to settle the obligation is probable and a reliable estimate can be made of the amount of the obligation. The Company records a provision based on the best estimate of the required economic outflow to settle the present obligation at the consolidated statement of financial position date. While management believes these estimates are reasonable, differences in actual results or changes in estimates could have a material impact on the obligations and expenses reported by the Company.

Employee benefits

The cost of defined benefit pension plans and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in their respective currency, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details about the assumptions used are provided in note 13 of the consolidated financial statements.

Accounting Standards Issued but not yet Effective

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15"), which establishes a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers. Under IFRS 15, revenues are recognized to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard will supersede all current revenue recognition requirements under IFRS. The standard currently requires a full or modified retrospective application for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not anticipate early adoption and plans to adopt the standard for the annual period beginning on April 1, 2018. The Company has not yet determined the impact on its consolidated financial statements.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – *Leases*, which requires lessees to recognize assets and liabilities for most leases. There are minimal changes to the existing accounting in IAS 17 – *Leases* from the perspective of lessors. The new standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted provided IFRS 15 has been adopted or is adopted at the same date. The Company does not anticipate early adoption and plans to adopt the standard for the annual period beginning on April 1, 2019. The Company has not yet determined the impact on its consolidated financial statements.

Controls and Procedures

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company. The control framework used in the design of disclosure controls and procedures and internal control over financial reporting is the "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Disclosure controls and procedures

An evaluation of the design and operating effectiveness of the Company's disclosure controls and procedures was conducted as of March 31, 2017 under the supervision of the CEO and CFO as required by CSA National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. The evaluation included documentation, review, enquiries and other procedures considered appropriate in the circumstances. Based on that evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information relating to the Company and its consolidated subsidiaries that is required to be disclosed in reports filed under provincial and territorial securities legislation is recorded, processed, summarized and reported to senior management, including the CEO and the CFO, so that appropriate decisions can be made by them regarding required disclosure within the time periods specified in the provincial and territorial securities legislation.

Internal control over financial reporting

CSA National Instrument 52-109 requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal control over financial reporting for the Company, and that those 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 IFRS.

Management, including the CEO and CFO, does not expect that the Company's disclosure controls or internal controls over financial reporting will prevent or detect all errors and all fraud or will be effective under all potential future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met.

The CEO and CFO have, using the framework and criteria established in "Internal Control – Integrated Framework (2013)" issued by COSO, evaluated the design and operating effectiveness of the Company's internal controls over financial reporting and concluded that, as of March 31, 2017, internal controls over financial reporting were effective to provide reasonable assurance that information related to consolidated results and decisions to be made based on those results were appropriate.

During the years ended March 31, 2017 and March 31, 2016, there have been no changes in the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Other Major Considerations and Risk Factors

Any investment in ATS will be subject to risks inherent to ATS' business. The following risk factors are discussed in the Company's Annual Information Form, which may be found on SEDAR at www.sedar.com.

- Market volatility;
- Strategy execution risks;
- Liquidity, access to capital markets and leverage;
- Restrictive covenants;
- Availability of performance and other guarantees from financial institutions;
- Share price volatility;
- Competition;
- Industry consolidation;
- First-time program and production risks;
- Automation systems pricing;
- Revenue mix risk;
- Pricing, quality, delivery and volume risks;
- Product failure;
- Insurance coverage;
- Acquisition risks;
- Expansion risks;
- Availability of raw materials and other manufacturing inputs;
- Customer risks;
- Cumulative loss of several significant contracts;
- Lengthy sales cycle;
- Lack of long-term customer commitment;
- New product market acceptance, obsolescence, and commercialization risk;
- Foreign exchange risk;
- Doing business in foreign countries;
- Availability of human resources and dependence on key personnel;
- Legislative compliance;
- Environmental compliance;
- Corruption of Foreign Public Officials Act, United States Foreign Corrupt Practices Act and anti-bribery laws risk;
- Intellectual property protection risks;
- Infringement of third parties' intellectual property rights risk;
- Security breaches or disruptions of information technology systems;
- Internal controls;
- Impairment of intangible assets risk;
- Income and other taxes and uncertain tax liabilities;
- Variations in quarterly results;
- Litigation;
- Natural disasters, pandemics, acts of war, terrorism, international conflicts or other disruptions;
- Manufacturing facilities disruption; and
- Dependence on performance of subsidiaries.

Note to Readers: Forward-Looking Statements

This management's discussion and analysis of financial conditions and results of operations 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: potential impact of general economic environment, including impact on Order Bookings and volatility of 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; the rate of completion of Order Backlog available to be completed; the Company's efforts to expand after-sales services and the expected impact; expected impact of the Company's focus and efforts in regards to certain management initiatives; the Company's strategy to expand organically and through acquisition; the Company's expectation with respect to effective tax rate; the Company's goal with respect to non-cash working capital as a percentage of revenues; expectation in relation to meeting funding requirements for investments; expectation 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 with respect to a reduction of interest expense resulting from an interest rate swap. 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; timing of customer decisions related to large enterprise programs and potential for greater negative impact associated with any cancellations or non-performance in relation thereto; variations in the amount of Order Backlog completed in any given quarter; that revenues from after-sales services are insufficient to offset capital spending volatility; 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; that the effective tax rate is other than expected, due to reasons including income spread among jurisdictions being other than anticipated; 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; risk that the ultimate outcome of lawsuits, claims, and contingencies give rise to material liabilities for which no provisions have been recorded; 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 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.