ATS Automation Tooling Systems Inc.

Management's Discussion and Analysis

For the Quarter Ended September 28, 2014

TSX: ATA

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This Management's Discussion and Analysis ("MD&A") for the three and six months ended September 28, 2014 (second quarter of fiscal 2015) is as of November 4, 2014 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 unaudited interim condensed consolidated financial statements of the Company for the second quarter of fiscal 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. The Company assumes that the reader of this MD&A has access to, and has read the audited consolidated financial statements prepared in accordance with IFRS and MD&A of the Company for the year ended March 31, 2014 (fiscal 2014) and, accordingly, the purpose of this document is to provide a fiscal 2015 second quarter update to the information contained in the fiscal 2014 MD&A. 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 earnings from operations", "adjusted basic earnings per share from continuing operations", "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 costs, restructuring charges, and certain other adjustments which would be non-recurring in nature ("adjustment items"). Adjusted basic earnings per share from continuing operations is defined as adjusted net income from continuing operations on a basic per share basis, where adjusted net income from continuing operations is defined as adjusted earnings from operations less net finance costs and income tax expense, plus tax effects of adjustment items. 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 from continuing operations 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. 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 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 for the three and six month periods ending September 28, 2014 and September 29, 2013; and (ii) adjusted earnings from operations and adjusted basic earnings per share from continuing operations to net income from operations for the three and six month periods ending September 28, 2014 and September 29, 2013 is contained in this MD&A (see "Reconciliation of Non-IFRS to IFRS Measures"). A reconciliation of Order Bookings and Order Backlog to total Company revenues for the three and six month periods ending September 28, 2014 and September 29, 2013 is contained in the MD&A (see "Order Backlog Continuity").

COMPANY PROFILE

ATS Automation provides innovative, custom designed, built and installed manufacturing solutions to many of the world's most successful companies. Founded in 1978, ATS uses its industry-leading knowledge and global capabilities to address the sophisticated automation systems' and service needs of multinational customers in industries such as life sciences, transportation, energy, consumer products and electronics. It also leverages its many years of experience and skills to fulfill the specialized automation product manufacturing requirements of customers. ATS employs approximately 3,500 people at 27 manufacturing facilities and 47 offices in North America, Europe, Southeast Asia and China. The Company's Solar segment is classified as discontinued operations.

Value Creation Strategy

To drive value creation, the Company implemented a three-phase strategic plan: (1) fix the business (improve the existing operations, gain operating control of the business and earn credibility); (2) separate the businesses (create a standalone automation business, monetize non-core assets and strengthen the balance sheet); and (3) grow (both organically and through acquisition). The Company has made significant progress in each phase of its Value Creation Strategy, including the separation of solar assets (see "Discontinued Operations: Solar" and "Solar Separation and Outlook").

Accordingly, in June 2012, the ATS Board of Directors approved the next phase of the Company's strategy: Grow, Expand and Scale. The strategy is designed to leverage the strong foundation of ATS' core automation business, continue the growth and development of ATS and create value for all stakeholders.

Grow
To further the Company's organic growth, ATS will continue to target providing comprehensive, value-based programs and enterprise solutions for customers built on differentiating technological solutions, value of customer outcomes achieved and global capability.

Expand
The Company seeks to expand its offering of products and services to the market. The Company intends to build on its automation systems business to offer: engineering, including design, modelling and simulation, and program management; products, including contract manufacturing, automation and other manufacturing products; and services, including pre automation, post automation, training, life cycle material management, and other services. Although engineering, products and services are part of ATS' portfolio today, the Company has significant room to grow these offerings in the future.

Scale
The Company is also committed to growth through acquisition and has the organizational structure, the business processes and the experience to successfully integrate acquired companies. Acquisition targets are evaluated on their ability to bring ATS market or technology leadership, scale and/or a market opportunity. For each of ATS' markets, the Company has analyzed the capability value chain and made a grow, team or acquire decision. Financially, targets are reviewed on a number of criteria including their potential to add accretive earnings to current operations.

Business Acquisition – PA
On August 29, 2014 the Company announced the completion of its acquisition of M+W Process Automation GmbH and ProFocus LLC (collectively Process Automation Solutions or "PA"). PA is a leading global provider of engineering-based automation services and solutions focused on the control, performance monitoring and measurement of critical production processes. The acquisition is aligned with ATS' stated strategy of scaling its position in the global automation market by adding to its services and life-cycle management capabilities across several core elements of the customer value chain. The addition of PA is expected to enhance growth opportunities in both new markets and with existing customers.

In calendar 2013, PA had revenues of approximately 166 million Euro and EBITDA of approximately 20 million Euro. Over the past three years, PA's revenues have grown organically at an average annual rate of approximately 19%. Sales by industry segment in 2013 were 41% automotive, 26% chemicals, 13% pharmaceuticals and biotechnology, 3% oil & gas and 17% other industries including food and beverage, water, wastewater, consumer care, paper, metal and semiconductor. Revenues earned in Europe accounted for approximately 70% of global sales, North America 27% and Asia 3%. In calendar 2013, PA's Order Bookings were 188 million Euro.

Cash consideration paid for PA pending post-closing adjustments was $353 million (243 million Euro), which was net of $11.8 million of cash acquired. In addition, the Company incurred $7.1 million of acquisition-related transaction costs. The cash consideration of the purchase price, along with transaction costs, was funded from the Company's $750 million senior secured credit facility (see "Liquidity, Cash Flow and Financial Resources"). The acquisition has been accounted for as a business combination with the Company as the acquirer of PA. The purchase method of accounting has been used and the earnings of PA were consolidated beginning from the acquisition date. For additional information on the acquisition of PA, refer to note 4 of the interim condensed consolidated financial statements.

OVERVIEW – OPERATING RESULTS FROM CONTINUING OPERATIONS

Results from continuing operations comprise the results of ATS' continuing operations and corporate costs not directly attributable to Solar. The results of the Solar segment are reported in discontinued operations.

Consolidated Revenues from Continuing Operations
(In millions of dollars)

	Three Months Ended September 28, 2014	Three Months Ended September 29, 2013	**Six Months Ended September 28, 2014**	Six Months Ended September 29, 2013
Revenues by market				
Consumer products & electronics	**$ 42.0**	$ 8.7	**$ 80.5**	$ 22.0
Energy	**14.5**	12.4	**26.3**	18.7
Life sciences	**79.9**	70.3	**158.7**	136.4
Transportation	**70.6**	63.2	**132.4**	127.5
Total revenues from continuing operations	**$ 207.0**	$ 154.6	**$ 397.9**	$ 304.6

Second Quarter

Fiscal 2015 second quarter revenues were 34% higher than in the corresponding period a year ago primarily reflecting $35.7 million of revenues earned by IWK (acquired September 30, 2013) and $20.5 million of PA revenues in the month ended September 28, 2014. Excluding IWK and PA, second quarter revenues were $150.8 million, a 2% decrease compared to the corresponding period a year ago primarily reflecting lower Order Bookings in the first fiscal quarter of the year. Foreign exchange rate changes positively impacted the translation of revenues earned by foreign-based subsidiaries compared to the corresponding period a year ago, primarily reflecting the weakening of the Canadian dollar relative to the Euro and U.S. dollar.

By industrial market, fiscal 2015 second quarter revenues from consumer products & electronics increased by 383%, primarily on revenue from acquisitions and organic growth in the consumer products market. Revenues generated in the energy market increased 17% compared to the corresponding period a year ago, primarily due to revenues from PA and increased activity in the nuclear energy market. Revenues generated in the life sciences market increased 14% compared to the corresponding period a year ago, primarily on revenues from acquisitions. Transportation revenues increased 12% compared to a year ago primarily due to revenues earned by PA.

Year-to-date

Revenues for the six months ended September 28, 2014 were 31% higher than in the corresponding period a year ago primarily reflecting $70.3 million of revenues earned by IWK and $20.5 million of revenues earned by PA in the month ended September 28, 2014. Excluding IWK and PA, revenues were $307.1 million, a 1% increase over the corresponding period a year ago. Foreign exchange rate changes positively impacted the translation of revenues earned by foreign-based subsidiaries compared to the corresponding period a year ago, primarily reflecting the weakening of the Canadian dollar relative to the Euro and U.S. dollar.

By industrial market, fiscal 2015 year-to-date revenues from consumer products & electronics increased by 266%, primarily on revenues from acquisitions and organic growth in the consumer products market. Revenues generated in the energy market increased 41% compared to the corresponding period a year ago, primarily on higher Order Backlog entering fiscal 2015 due largely to increased activity in the nuclear energy market. Revenues generated in the life sciences market increased 16% compared to the corresponding period a year ago, primarily on revenues from acquisitions. Transportation revenues increased 4% compared to a year ago primarily due to revenues earned by PA.

Consolidated Operating Results
(In millions of dollars)

	Three Months Ended September 28, 2014	Three Months Ended September 29, 2013	**Six Months Ended September 28, 2014**	Six Months Ended September 29, 2013
Earnings from operations	**$ 14.1**	$ 14.4	**$ 28.5**	$ 27.1
Amortization of acquisition-related intangible assets	**5.8**	1.0	**9.4**	1.9
Acquisition-related transaction costs	**7.1**	0.9	**10.1**	0.9
Restructuring charges	**—**	—	**—**	2.2
Adjusted earnings from operations[1]	**$ 27.0**	$ 16.3	**$ 48.0**	$ 32.1

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

	Three Months Ended September 28, 2014	Three Months Ended September 29, 2013	**Six Months Ended September 28, 2014**	Six Months Ended September 29, 2013
Earnings from operations	**$ 14.1**	$ 14.4	**$ 28.5**	$ 27.1
Depreciation and amortization	**8.6**	3.2	**15.1**	6.2
EBITDA[1]	**$ 22.7**	$ 17.6	**$ 43.6**	$ 33.3

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

Second Quarter

Fiscal 2015 second quarter earnings from operations were $14.1 million (7% operating margin) compared to $14.4 million (9% operating margin) in the second quarter of fiscal 2014.

Second quarter fiscal 2015 earnings from operations included $7.1 million of incremental costs related to the Company's acquisition activity and amortization expenses of $5.8 million related to amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK, Assembly & Test Worldwide and sortimat. Excluding these costs, second quarter fiscal 2015 adjusted earnings from operations were $27.0 million (13% margin), compared to adjusted earnings from operations of $16.3 million (11% margin) in the second quarter of fiscal 2014. Higher adjusted earnings from operations primarily reflected the inclusion of PA and IWK, improved program execution and lower stock-based compensation costs.

Depreciation and amortization expense was $8.6 million in the second quarter of fiscal 2015, compared to $3.2 million a year ago, primarily due to a $4.8 million increase in amortization as a result of the addition of identifiable intangible assets recorded on the acquisitions of IWK and PA.

Second quarter fiscal 2015 EBITDA was $22.7 million (11% EBITDA margin) compared to $17.6 million (11% EBITDA margin) in the second quarter of fiscal 2014. Excluding $7.1 million of acquisition related costs, second quarter fiscal 2015 EBITDA was $29.8 million (14% EBITDA margin). Excluding $0.9 million of acquisition costs, second quarter fiscal 2014 EBITDA was $18.5 million (12% EBITDA margin).

Year-to-date

For the six months ended September 28, 2014, earnings from operations were $28.5 million (7% operating margin) compared to $27.1 million (9% operating margin) in the corresponding period a year ago. Earnings from operations included $10.1 million of incremental costs related to the Company's acquisition activity and amortization expenses of $9.4 million related to amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK, Assembly & Test Worldwide and sortimat. Excluding these costs, adjusted earnings from operations were $48.0 million (12% operating margin), compared to adjusted earnings from operations of $32.1 million (11% operating margin) in the corresponding period a year ago.

Higher adjusted earnings from operations primarily reflected better program execution, higher revenues, lower stock-based compensation expenses and the inclusion of IWK and PA.

Depreciation and amortization expense was $15.1 million in the first six months of fiscal 2015 compared to $6.2 million a year ago, primarily due to a $7.5 million increase in amortization as a result of the addition of identifiable intangible assets recorded on the acquisitions of IWK and PA.

Year to date fiscal 2015 EBITDA was $43.6 million (11% EBITDA margin) compared to $33.3 million (11% EBITDA margin) in the first six months of fiscal 2014. Fiscal 2015 EBITDA, excluding $10.1 million of acquisition related costs, was $53.7 million (13% margin), compared to $36.4 million (12% margin) in the corresponding period a year ago.

Order Bookings

Second quarter fiscal 2015 Order Bookings were $216 million, a 96% increase from the second quarter of fiscal 2014. Excluding the impact of IWK and PA, Order Bookings were $172 million, a 56% increase from the previous year. Higher Order Bookings primarily reflected the timing of customer decisions on various larger opportunities and improved market activity, particularly in life sciences, transportation and energy. The addition of IWK and PA further improved the Company's Order Bookings in life sciences, consumer products and electronics and transportation.

Order Backlog Continuity
(In millions of dollars)

	Three Months Ended September 28, 2014	Three Months Ended September 29, 2013	Six Months Ended September 28, 2014	Six Months Ended September 29, 2013
Opening Order Backlog	**$ 425**	$ 415	**$ 474**	$ 398
Revenues	**(207)**	(155)	**(398)**	(305)
Order Bookings	**216**	110	**376**	275
Order Backlog adjustments[1]	**127**	(15)	**109**	(13)
Total	**$ 561**	$ 355	**$ 561**	$ 355

[1] Order Backlog adjustments includes incremental Order Backlog of $131 million acquired with PA, foreign exchange adjustments and cancellations.

Order Backlog by Industry
(In millions of dollars)

As at	September 28, 2014	September 29, 2013
Consumer products & electronics	**$ 68**	$ 29
Energy	**51**	45
Life sciences	**237**	143
Transportation	**205**	138
Total	**$ 561**	$ 355

At September 28, 2014, Order Backlog was $561 million, 58% higher than at September 29, 2013. Higher Order Backlog primarily reflected the addition of PA and IWK as well as higher Order Bookings in life sciences, transportation and energy, offset by a decrease in consumer products & electronics.

Outlook
The global economic environment has continued to show signs of volatility, and uncertainty remains. In North America, the U.S. and Canadian economies have shown signs of improvement, but growth remains slow. Economic growth continues to decelerate in China and other parts of Asia. In Europe markets remain weak, which has the potential to negatively impact demand, particularly for the Company's European operations, and may add to volatility in Order Bookings. Overall, a prolonged or more significant downturn in an economy where the Company operates could negatively impact 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 the long lead times on projects.

Many customers remain cautious in their approach to capital investment; however, activity in the life sciences and transportation markets remains strong. The Company has seen strength in energy markets such as nuclear and oil and gas; however, the solar energy market remains weak due to reductions in solar feed-in-tariffs. Activity in consumer products & electronics has improved and the addition of IWK provides the Company with an opportunity to increase its exposure to new customers in these markets and in life sciences.

The Company's sales organization continues to work to engage with 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 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 $561 million at the end of the second quarter of fiscal 2015 to mitigate the impact of volatile Order Bookings on revenues in the short term. Management expects that approximately 40% to 45% of its Order Backlog would typically be completed each quarter. As well, the addition of PA is expected to improve the Company's Order Bookings to revenue cycle due to the service, engineering and consulting work that PA performs, which is invoiced on a time and material basis and therefore normally recorded as an Order Booking and revenue in the same period. Management estimates that on average, approximately 20% to 25% of PA's revenues are earned through time and material contracts.

The addition of PA provides growth opportunities in both new markets and with existing customers. PA's significant capability and market position benefit ATS and its strategy to grow the business. The Company expects meaningful revenue synergies through an expanded ATS offering, which will include PA's process controls, software integration, manufacturing execution systems ("MES"), remote monitoring, lifecycle management, modelling and simulation capabilities. PA provides an imbedded engineering, service and sales force, with early insight into customer preferences, developments, problems and programs, allowing PA to act as first responders for post-automation services and equipment maintenance. PA expects to expand its main automation contractor ("MAC") offering by utilizing ATS on a subcontractor basis to address capability gaps across a number of industries, thereby increasing opportunity. Further, both ATS and PA are expected to have opportunities to engage customers on a more comprehensive basis. Opportunities to improve profitability will be pursued through adoption of ATS best practices in approach to market, key account management, front-end-of-the-business processes, performance management and corporate strategy. Cost synergies are expected to be nominal.

Management's disciplined focus on program management, cost reductions, standardization and quality puts ATS in a strong competitive position to capitalize on opportunities going forward and sustain performance in challenging market conditions. Management expects that the application of its ongoing efforts to improve its cost structure, business processes, leadership and supply chain management will continue to 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 FROM CONTINUING OPERATIONS

		Three Months Ended September 28, 2014		Three Months Ended September 29, 2013		Six Months Ended September 28, 2014		Six Months Ended September 29, 2013
Revenues	$	207.0	$	154.6	$	397.9	$	304.6
Cost of revenues		150.8		114.7		287.8		225.3
Selling, general and administrative		43.3		22.9		80.2		48.3
Stock-based compensation		(1.2)		2.6		1.4		3.9
Earnings from operations	$	14.1	$	14.4	$	28.5	$	27.1
Net finance costs	$	2.3	$	0.5	$	3.2	$	1.1
Provision for income taxes		4.4		3.5		8.9		7.1
Net income from continuing operations	$	7.4	$	10.4	$	16.4	$	18.9
Income from discontinued operations, net of tax	$	7.1	$	2.5	$	14.0	$	13.5
Net income	$	14.5	$	12.9	$	30.4	$	32.4
Earnings per share								
Basic from continuing operations	$	0.08	$	0.12	$	0.18	$	0.22
Basic from discontinued operations		0.08		0.03		0.15		0.15
	$	0.16	$	0.15	$	0.33	$	0.37
Diluted from continuing operations	$	0.08	$	0.11	$	0.18	$	0.21
Diluted from discontinued operations		0.08		0.03		0.15		0.15
	$	0.16	$	0.14	$	0.33	$	0.36

Revenues. At $207.0 million, consolidated revenues from continuing operations for the second quarter of fiscal 2015 were $52.4 million or 34% higher than in the corresponding period a year ago. At $397.9 million, year-to-date revenues were $93.3 million or 31% higher than in the corresponding period a year ago, primarily on incremental IWK and PA revenues. See “Overview – Operating Results from Continuing Operations.”

Cost of revenues. At $150.8 million, second quarter fiscal 2015 cost of revenues increased over the corresponding period a year ago by $36.1 million or 31% primarily on higher revenues. Year-to-date cost of revenues of $287.8 million increased by $62.5 million or 28%, primarily on higher revenues generated compared to the corresponding period.

At 27%, gross margin in the second quarter of fiscal 2015 increased 1% from the corresponding period a year ago. Year-to-date gross margin of 28% increased 2% from the corresponding period a year ago. Increases in gross margin in the first half of fiscal 2015 reflected better program execution, improvements in the cost structure of the Company’s base business and the inclusion of IWK. The addition of PA did not have a material impact on the Company’s gross margin in the second quarter of fiscal 2015. However, due to its cost structure, PA has typically operated with a lower gross margin than ATS. For PA, higher cost of sales is partially offset by lower selling, general and administrative costs relative to revenues as compared to ATS.

Selling, general and administrative (“SG&A”) expenses. SG&A expenses for the second quarter of fiscal 2015 were $43.3 million. This included $7.1 million of incremental costs related to the Company's acquisition activity. Normalized for these costs, SG&A expenses were $36.2 million or 65% higher than the normalized $22.0 million incurred in the corresponding period last year, which excluded $0.9 million of acquisition related costs. On a normalized basis, higher SG&A costs primarily reflected the addition of PA and IWK SG&A expenses, including $4.8 million of incremental amortization expenses related to the identifiable intangible assets recorded on acquisitions, foreign exchange rate changes which negatively impacted the translation of SG&A expenses, and higher employee-related costs.

For the six months ended September 28, 2014, SG&A expenses were $80.2 million, which included $10.1 million of costs related to the Company's acquisition strategy. Normalized for acquisition costs, year to date SG&A spending was $70.1 million, $24.9 million or 55% higher compared to the same period a year ago. Higher SG&A costs primarily reflected the addition of PA and IWK SG&A expenses, including $7.5 million of incremental amortization expenses related to the identifiable intangible assets recorded on acquisitions.

Stock-based compensation. Stock-based compensation recovery amounted to $1.2 million in the second quarter of fiscal 2015 compared to $2.6 million of stock-based compensation expense in the corresponding period a year ago. For the six month period ended September 28, 2014, stock-based compensation expense decreased to $1.4 million from $3.9 million a year earlier. The decrease in stock-based compensation costs for both periods is due to the revaluation of deferred stock units, share appreciation rights and restricted share units.

Earnings from operations. For the three and six month periods ended September 28, 2014, consolidated earnings from operations were $14.1 million and $28.5 million respectively (operating margins of 7% in both periods), compared to earnings from operations of $14.4 million and $27.1 million in the corresponding periods a year ago (operating margins of 9% in both periods). See "Overview – Operating Results from Continuing Operations."

Net finance costs. Net finance costs were $2.3 million in the second quarter of fiscal 2015, $1.8 million higher than the corresponding period a year ago. For the six months ended September 28, 2014, finance costs were $3.2 million compared to $1.1 million in the corresponding period a year ago. The increase in net finance costs reflected increased usage of the Company's credit facility to finance the acquisition of PA and to support letters of credit.

Income tax provision. For the three and six months ended September 28, 2014, the Company's effective income tax rate of 37% and 35% respectively, differed from the combined Canadian basic federal and provincial income tax rate of 27% primarily as a result of income earned in certain jurisdictions with different statutory rates. The Company expects that with the recognition of deferred income tax assets in fiscal 2014 following the Company's assessment of its ability to utilize tax losses in its German-based operations, its effective tax rate will exceed the combined Canadian basic federal and provincial income tax rate of 27% going forward. Cash taxes are expected to be lower than the effective tax rate for accounting purposes due to tax assets available primarily in Canada and Germany.

Net income from continuing operations. Fiscal 2015 second quarter net income from continuing operations was $7.4 million (8 cents per share basic and diluted) compared to $10.4 million (12 cents per share basic, 11 cents per share diluted) for the second quarter of fiscal 2014. Adjusted basic earnings per share from continuing operations was 19 cents in the second quarter of fiscal 2015 compared to 14 cents for the second quarter of fiscal 2014. See "Reconciliation of Non-IFRS Measures to IFRS Measures."

Net income from continuing operations in the six months ended September 28, 2014, was $16.4 million (18 cents per share basic and diluted) compared to $18.9 million (22 cents per share basic, 21 cents per share diluted) for the corresponding period a year ago. Adjusted basic earnings per share from continuing operations was 34 cents in the six months ended September 28, 2014 compared to 27 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)

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

	Three Months Ended September 28, 2014	Three Months Ended September 29, 2013
EBITDA	**$ 22.7**	$ 17.6
Less: depreciation and amortization expense	**8.6**	3.2
Earnings from operations	**$ 14.1**	$ 14.4
Less: net finance costs	**2.3**	0.5
Provision for income taxes	**4.4**	3.5
Net income from continuing operations	**$ 7.4**	$ 10.4

	Six Months Ended September 28, 2014	Six Months Ended September 29, 2013
EBITDA	**$ 43.6**	$ 33.3
Less: depreciation and amortization expense	**15.1**	6.2
Earnings from operations	**$ 28.5**	$ 27.1
Less: net finance costs	**3.2**	1.1
Provision for income taxes	**8.9**	7.1
Net income from continuing operations	**$ 16.4**	$ 18.9

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

	Three Months Ended September 28, 2014			Three Months Ended September 29, 2013		
	IFRS	Adjustments	Adjusted (non-IFRS)	IFRS	Adjustments	Adjusted (non-IFRS)
Earnings from operations	$ 14.1	$ —	$ 14.1	$ 14.4	$ —	$ 14.4
Amortization of acquisition-related intangible assets	—	5.8	5.8	—	1.0	1.0
Acquisition-related transaction costs	—	7.1	7.1	—	0.9	0.9
Restructuring charges	—	—	—	--	—	—
	$ 14.1	$ 12.9	$ 27.0	$ 14.4	$ 1.9	$ 16.3
Less: net finance costs	$ 2.3	$ —	$ 2.3	$ 0.5	$ —	$ 0.5
Income from continuing operations before income taxes	$ 11.8	$ 12.9	$ 24.7	$ 13.9	$ 1.9	$ 15.8
Provision for income taxes	$ 4.4	$ —	$ 4.4	$ 3.5	$ —	$ 3.5
Adjustments to provision for income taxes[1]	—	2.9	2.9	—	0.3	0.3
	$ 4.4	$ 2.9	$ 7.3	$ 3.5	$ 0.3	$ 3.8
Net income from continuing operations	$ 7.4	$ 10.0	$ 17.4	$ 10.4	$ 1.6	$ 12.0
Basic earnings per share from continuing operations	$ 0.08	$ 0.11	$ 0.19	$ 0.12	$ 0.02	$ 0.14

	Six Months Ended September 28, 2014			Six Months Ended September 29, 2013		
	IFRS	Adjustments	Adjusted (non-IFRS)	IFRS	Adjustments	Adjusted (non-IFRS)
Earnings from operations	$ 28.5	$ —	$ 28.5	$ 27.1	$ —	$ 27.1
Amortization of acquisition-related intangible assets	—	9.4	9.4	—	1.9	1.9
Acquisition-related transaction costs	—	10.1	10.1	—	0.9	0.9
Restructuring charges	—	—	—	—	2.2	2.2
	$ 28.5	$ 19.5	$ 48.0	$ 27.1	$ 5.0	$ 32.1
Less: net finance costs	$ 3.2	$ —	$ 3.2	$ 1.1	$ —	$ 1.1
Income from continuing operations before income taxes	$ 25.3	$ 19.5	$ 44.8	$ 26.0	$ 5.0	$ 31.0
Provision for income taxes	$ 8.9	$ —	$ 8.9	$ 7.1	$ —	$ 7.1
Adjustments to provision for income taxes[1]	—	4.6	4.6	—	0.9	0.9
	$ 8.9	$ 4.6	$ 13.5	$ 7.1	$ 0.9	$ 8.0
Net income from continuing operations	$ 16.4	$ 14.9	$ 31.3	$ 18.9	$ 4.1	$ 23.0
Basic earnings per share from continuing operations	$ 0.18	$ 0.16	$ 0.34	$ 0.22	$ 0.05	$ 0.27

[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 from continuing operations.

DISCONTINUED OPERATIONS: SOLAR

(In millions of dollars)

	Three Months Ended September 28, 2014	Three Months Ended September 29, 2013	**Six Months Ended September 28, 2014**	Six Months Ended September 29, 2013
Total revenues	**$ —**	$ —	**$ —**	$ 1.1
Gain	**7.0**	—	**14.2**	13.8
Income from discontinued operations	**7.1**	2.5	**14.0**	13.5

Second Quarter

Revenues

During the first quarter of fiscal 2014, the manufacturing assets were sold and the business wound up. Accordingly, no revenues have been generated since the first fiscal quarter of 2014.

Gain

The fiscal 2015 second quarter gain of $7.0 million related to the revaluation of Ontario Solar's remaining 25% ownership in four ground-mount solar projects. $5.0 million of net proceeds for the remaining 25% ownership were received subsequent to the end of the second quarter of fiscal 2015, and therefore the remaining 25% investment was revalued in the second quarter of fiscal 2015 to its expected fair value, resulting in a gain, which was recognized by Ontario Solar's 50% owned joint operation Ontario Solar PV Fields ("OSPV").

Income from Discontinued Operations

Ontario Solar recorded income of $7.1 million in the second quarter of fiscal 2015 compared to income of $2.5 million in the second quarter a year ago.

Year-to-date

Revenues

Revenues for the six months ended September 28, 2014 were $nil reflecting the cessation of the business and were $1.1 million in the corresponding period of fiscal 2014.

Solar Separation and Outlook

During fiscal 2014, the Company sold four ground-mount solar projects. OSPV retained 25% ownership of the projects until they reached commercial operation, which occurred in October 2014. Net proceeds to the Company are expected to be $21.4 million, of which the Company received net proceeds of $5.0 million subsequent to the end of the second quarter of fiscal 2015. The Company had previously received net proceeds of $13.9 million during fiscal 2014 and fiscal 2013. Outstanding proceeds are expected to be received in fiscal 2015.

During the first quarter of fiscal 2015, OSPV sold its three remaining ground-mount solar projects. OSPV has retained 25% ownership of the projects until the projects reach commercial operation, which is expected to occur in early calendar 2015. Net proceeds to the Company are expected to be approximately $14.6 million, of which the Company has received net proceeds of $12.0 million in the first quarter of fiscal 2015. The remaining proceeds are expected to be received when the projects achieve commercial operation.

Management expects to record a gain on these divestitures as the sales are completed and proceeds realized. Subsequent to the settlement of outstanding liabilities, net proceeds from the divestiture of Ontario Solar will be re-allocated to ATS' core automation business to support growth.

LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

(In millions of dollars, except ratios)

As at	September 28, 2014	March 31, 2014
Cash and cash equivalents	**$ 96.8**	$ 76.5
Debt-to-equity ratio	**0.69:1**	0.01:1

For the three months ended	September 28, 2014	September 29, 2013
Cash flows provided by operating activities from continuing operations	**$ 17.4**	$ 5.1

At September 28, 2014, the Company had cash and cash equivalents of $96.8 million in continuing operations compared to $76.5 million at March 31, 2014. The Company's total debt-to-total equity ratio, excluding accumulated other comprehensive income was 0.69:1 at September 28, 2014.

At September 28, 2014, the Company had $337 million of unutilized multipurpose credit, including letters of credit, available under existing credit facilities and an additional $12.5 million available under letter of credit facilities.

In the three months ended September 28, 2014, cash flows provided by operating activities from continuing operations were $17.4 million ($5.1 million provided by in the corresponding period a year ago). The increase in operating cash flows from continuing operations related primarily to higher earnings and the timing of investments in non-cash working capital in large customer programs. In the six months ended September 28, 2014, cash flows provided by operating activities from continuing operations were $6.7 million ($21.3 million provided by in the corresponding period a year ago).

In the second quarter of fiscal 2015, the Company's investment in non-cash working capital decreased by $5.7 million from June 29, 2014. On a year-to-date basis, investment in non-cash working capital increased by $21.0 million. Accounts receivable increased 24% or $28.2 million due to the acquisition of PA and timing of billings on certain customer contracts. Net contracts in progress increased 37% or $32.2 million compared to March 31, 2014. 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 81% or $19.5 million due to the acquisition of PA, and were primarily comprised of un-invoiced customer work in process. Deposits and prepaid assets increased 48% or $4.6 million compared to March 31, 2014 due to the acquisition of PA and timing of program execution. Accounts payable and accrued liabilities increased 34% or $47.5 million compared to March 31, 2014 due to the acquisition of PA.

Capital expenditures totalled $4.3 million in the first half of fiscal 2015, primarily related to computer hardware.

Intangible assets expenditures totalled $2.8 million in the first half of fiscal 2015, primarily related to computer software and development projects.

As a result of the separation of Solar (see "Discontinued Operations: Solar Separation and Outlook") the Company reverted capacity in its Cambridge, Ontario campus to its core ASG business in fiscal 2013 which resulted in the sale of a vacant ASG facility in the first quarter of fiscal 2015. The net proceeds from disposal of the facility were $8.5 million and the income statement impact was minimal.

During the second quarter of fiscal 2015, the Company amended its senior secured credit facility (the "Credit Facility"). The Credit Facility provides a four-year committed revolving credit facility of $750.0 million and expires on August 29, 2018. The Credit Facility is secured by the assets, excluding real estate, of certain of the Company's North American legal entities and a pledge of shares and guarantees from certain of the Company's legal entities. At September 28, 2014, the Company had utilized $416.2 million under the Credit Facility, of which $353.4 million was classified as long-term debt (March 31, 2014 - $nil) and $62.8 million by way of letters of credit (March 31, 2014 - $72.6 million).

The Credit Facility is available in Canadian dollars by way of prime rate advances, letters of credit for certain purposes and/or bankers' acceptances and in U.S. dollars by way of base rate advances and/or LIBOR advances. The interest rates applicable to the Credit Facility are determined based on a debt to EBITDA ratio. 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 0.45% to 2.00%. For bankers' acceptances and LIBOR advances, the interest rate is equal to the bankers' acceptance fee or the LIBOR, respectively, plus 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.

The Company has additional credit facilities of $8.4 million (1.8 million Euro, 230.0 million Indian Rupees, 0.5 million Swiss Francs and 30.0 million Thai Baht). The total amount outstanding on these facilities was $5.2 million of which $0.8 million was classified as bank indebtedness (March 31, 2014 - $0.9 million) and $4.4 million was classified as long-term debt (March 31, 2014 - $5.8 million). The interest rates applicable to the credit facilities range from 1.85% to 10.50% per annum. A portion of the long-term debt is secured by certain assets of the Company. The 0.5 million Swiss Francs and 230.0 million Indian Rupees credit facilities are secured by letters of credit under the Credit Facility.

The Company expects to continue increasing its investment in working capital to support the growth of its business. 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 working capital and capital assets and to fund strategic investment plans including certain 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.

In the second quarter of fiscal 2015, the Company completed its acquisition of PA. Total cash consideration paid for PA pending post-closing adjustments was $353 million (243 million Euro), which was net of $11.8 million of cash acquired. See "Value Creation Strategy: Business Acquisition – PA."

Contractual Obligations

(In millions of dollars)

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

From continuing operations:

	Operating leases	Purchase obligations
Less than one year	$ 7.4	$ 56.1
One – two years	6.0	1.0
Two – three years	4.0	—
Three – four years	2.0	—
Four – five years	1.3	—
Due in over five years	3.4	—
	$ 24.1	$ 57.1

The Company's off-balance sheet arrangements consist of purchase obligations and various operating lease financing arrangements related primarily to facilities and equipment, which have been entered into in the normal course of business. The Company's purchase obligations consist primarily of materials purchase commitments.

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 bank guarantees as security for advances received from customers pending delivery and contract performance. In addition, the Company provides bank guarantees for post-retirement obligations and may provide bank guarantees as security on equipment under lease and on order. At September 28, 2014, the total value of outstanding bank guarantees was approximately $119.3 million with approximately $89.5 million under credit facilities from continuing operations (March 31, 2014 - $95.3 million) and $nil (March 31, 2014 - $2.1 million) from discontinued operations.

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 interim condensed 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 industry 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 through insurance.

During the first six months of fiscal 2015, 192,201 stock options were exercised. At November 4, 2014 the total number of shares outstanding was 90,985,748 and there were 4,223,250 stock options outstanding to acquire common shares of the Company.

RELATED-PARTY TRANSACTIONS

The Company has entered into 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 $0.5 million U.S. As part of the agreement, members of the Company's board of directors who are associated with Mason Capital have waived any fees to which they may have otherwise been entitled for serving as members of the board of directors or as members of any committee of the board of directors.

There were no other significant related-party transactions in the first half of fiscal 2015.

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. Weakening in the value of the Canadian dollar relative to the U.S. dollar and the Euro had a positive impact on translation of the Company's revenues in the second quarter of fiscal 2015 compared to the corresponding period of fiscal 2014.

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 net 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. See note 11 to the interim condensed consolidated financial statements for details on the derivative financial instruments outstanding at September 28, 2014.

In addition, from time to time, the Company enters forward foreign exchange contracts to manage the foreign exchange risk arising from certain inter-company loans and investments in certain subsidiaries and committed acquisitions.

The Company uses hedging as a risk management tool, not to speculate.

Period average exchange rates in CDN$

	Three months ended			Six months ended		
	September 28, 2014	September 29, 2013	% change	**September 28, 2014**	September 29, 2013	% change
U.S. Dollar	**1.0888**	1.0384	4.9 %	**1.0894**	1.0311	5.7 %
Euro	**1.4424**	1.3769	4.8 %	**1.4686**	1.3571	8.2 %

CONSOLIDATED QUARTERLY RESULTS

(In millions of dollars, except per share amounts)	**Q2 2015**	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Revenues from continuing operations	**$ 207.0**	$ 190.9	$ 200.7	$ 178.0	$ 154.6	$ 150.0	$ 153.2	$ 144.2
Earnings from operations	**$ 14.1**	$ 14.4	$ 17.2	$ 16.7	$ 14.4	$ 12.7	$ 14.0	$ 13.6
Adjusted earnings from operations[1]	**$ 27.0**	$ 21.1	$ 22.2	$ 20.6	$ 16.3	$ 15.9	$ 15.0	$ 14.6
Income from continuing operations	**$ 7.4**	$ 9.0	$ 11.7	$ 18.8	$ 10.4	$ 8.6	$ 8.9	$ 10.7
Income (loss) from discontinued operations	**$ 7.1**	$ 6.9	$ (0.4)	$ (0.3)	$ 2.5	$ 11.0	$ (0.6)	$ (21.7)
Net income (loss)	**$ 14.5**	$ 15.9	$ 11.3	$ 18.5	$ 12.9	$ 19.6	$ 8.3	$ (11.0)
Basic earnings per share from continuing operations	**$ 0.08**	$ 0.10	$ 0.13	$ 0.21	$ 0.12	$ 0.10	$ 0.10	$ 0.12
Adjusted basic earnings per share from continuing operations[1]	**$ 0.19**	$ 0.15	$ 0.17	$ 0.14	$ 0.14	$ 0.13	$ 0.11	$ 0.13
Basic earnings (loss) per share from discontinued operations	**$ 0.08**	$ 0.08	$ (0.01)	$ (0.00)	$ 0.03	$ 0.12	$ (0.01)	$ (0.24)
Basic earnings (loss) per share	**$ 0.16**	$ 0.18	$ 0.12	$ 0.21	$ 0.15	$ 0.22	$ 0.09	$ (0.12)
Diluted earnings per share from continuing operations	**$ 0.08**	$ 0.10	$ 0.13	$ 0.21	$ 0.11	$ 0.10	$ 0.09	$ 0.12
Diluted earnings (loss) per share from discontinued operations	**$ 0.08**	$ 0.07	$ (0.01)	$ (0.00)	$ 0.03	$ 0.12	$ (0.00)	$ (0.24)
Diluted earnings (loss) per share	**$ 0.16**	$ 0.17	$ 0.12	$ 0.21	$ 0.14	$ 0.22	$ 0.09	$ (0.12)
Order Bookings	**$ 216.0**	$ 160.0	$ 197.0	$ 237.0	$ 110.0	$ 165.0	$ 170.0	$ 173.0
Order Backlog	**$ 561.0**	$ 425.0	$ 474.0	$ 467.0	$ 355.0	$ 415.0	$ 398.0	$ 388.0

[1] Adjusted earnings from operations and adjusted basic earnings per share from continuing operations are non-IFRS measures and do not have any standardized meaning prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies. Such measures are intended to provide additional information only and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. See "Notice to Reader: Non-IFRS Measures and Additional IFRS Measures."

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. 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. 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.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS & ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make estimates, judgements 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, judgements 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. There have been no material changes to the critical accounting estimates as described in the Company's fiscal 2014 MD&A.

ACCOUNTING STANDARDS CHANGE

IFRIC 21 – Levies

Effective April 1, 2014, the Company applied IFRIC 21 for the first time. IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. The adoption of IFRIC 21 had no impact on the financial statements of the Company.

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 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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.

During the three and six months ended September 28, 2014, there have been no changes in the Company's internal controls over financial reporting, other than the limitation of scope of design noted below, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

In May 2013, COSO released an updated version of the 1992 internal control integrated framework. The original framework will be available through December 15, 2014, at which time the 1992 framework will be superseded. The Company is in the process of reviewing the changes to the framework and developing a transition plan to adopt the new framework for the fiscal year ending March 31, 2015.

Limitation on Scope of Design

The Company acquired PA on August 29, 2014. Management has not fully completed its review of internal controls over financial reporting for this newly acquired organization. Since the acquisition occurred within the 365 days of the reporting period, management has limited the scope of design and subsequent evaluation of disclosure controls and procedures and internal controls over financial reporting, as permitted under Section 3.3 of National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. For the period covered by this MD&A, management has undertaken additional procedures to satisfy itself with respect to the accuracy and completeness of the acquired operations' financial information. The following summary financial information pertains to the acquisition that was included in ATS's Interim Consolidated Financial Statements for the period ended September 28, 2014.

(millions of dollars)	PA [1]
Revenue[1]	20.5
Net loss[1]	0.0
Current assets [2]	92.5
Non-current assets [2]	359.0
Current liabilities [2]	60.5
Non-current liabilities [2]	48.2

1 Results from September 1, 2014 to September 28, 2014
2 Balance sheet as at September 28, 2014

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 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 next phase of the Company's strategy: grow, expand, and scale; the enhancement of growth opportunities in both new markets and with existing customers resulting from the PA acquisition; potential impact of general economic environment, including impact on demand and Order Bookings, and the timing of those impacts; impacts on demand for Company's products potentially lagging global macroeconomic trends; activity in the market segments that the Company serves; IWK presenting opportunity for exposure to new customers; the sales organization's approach to market and expected impact on Order Bookings, performance period, and timing of revenue recognition; the Company's Order Backlog mitigating the impact of volatility in Order Bookings; the rate of completion of Order Backlog; impact of PA on Order Bookings to revenue cycle; PA acquisition – growth opportunities presented by PA, ATS benefiting from PA's capability and market position, revenue synergies through an expanded ATS offering, PA's opportunity to expand its MAC offering, ATS and PA engaging customers on a more comprehensive basis, PA benefiting from the adoption of ATS' best practices, and expectations in relation to cost synergies; management's expectations in relation to the impact of strategic initiatives on ATS operations; the Company's strategy to expand organically and through acquisition; Company's expectation with respect to deferred tax assets, effective tax rate and cash taxes; separation of solar business; expected timing of receipt of proceeds in relation to the sale of seven joint venture ground mount solar projects; expected gain on solar divestitures; Company's expectation to continue to increase its investment in working capital; expectation in relation to meeting funding requirements for investments; expectation to use increased leverage to support growth strategy; foreign exchange hedging; and accounting standards changes. 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 market sectors 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; failure or delays associated with new customer programs; potential for greater negative impact associated with any non-performance related to large enterprise programs; that IWK's customers are not receptive to ATS' offerings; that ATS is unable to enhance growth opportunities or PA's portfolio, or expand product or service offerings; that ATS is unable to leverage PA's capability and market position; that revenue synergies are not realized; variations in the amount of Order Backlog completed in any given quarter; that customers are more difficult to engage than expected; that strategic initiatives are delayed, not completed, or do not have intended positive impact; 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 Company or its subsidiaries may have exposure to greater than anticipated income tax liabilities; that the remaining solar joint venture ground mount projects are delayed in achieving commercial operation or cannot ultimately be developed, due to market, regulatory, transmission, local opposition, or other factors; that gains on solar projects are less than expected; labour disruptions; 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.