ATS Automation Tooling Systems Inc.

Management's Discussion and Analysis

For the Year Ended March 31, 2015

TSX: ATA

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This Management's Discussion and Analysis ("MD&A") for the year ended March 31, 2015 (fiscal 2015) is as of May 20, 2015 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 2015 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 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 and integration 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 twelve month periods ending March 31, 2015 and March 31, 2014; and (ii) adjusted earnings from operations and adjusted basic earnings per share from continuing operations to net income from continuing operations and basic earnings per share from continuing operations for the three and twelve month periods ending March 31, 2015 and March 31, 2014 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, 2015 and March 31, 2014 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 26 manufacturing facilities and 47 offices in North America, Europe, Southeast Asia and China.

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).

Having completed the first two phases of the plan, including the separation of Solar which led to the final divestiture of the Company's remaining solar assets in fiscal 2015 (see "Discontinued Operations: Solar"), the Company is focused on the growth phase of its value creation 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.

Scale
The Company is committed to growth through acquisition and management believes that the Company has the organizational structure, business processes and 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. To date, ATS has successfully acquired four complementary and accretive businesses: sortimat Group ("sortimat") on June 1, 2010; Assembly & Test Worldwide ("ATW") on January 5, 2011; IWK Verpackungstechnik and Oystar IWK USA, Inc. ("IWK") on September 30, 2013 and M+W Process Automation GmbH and ProFocus LLC (collectively "Process Automation Solutions" or "PA") on September 1, 2014.

Business Acquisition – 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. PA adds to the Company's growth opportunities both in new markets, including biotechnology, food, beverage, water, wastewater, oil and gas, paper, metal and semiconductor and with existing customers in automotive, pharmaceuticals and consumer products. PA's largest geographic markets are Europe and North America.

Cash consideration paid for PA was $355 million (245 million Euro), which was net of $11.8 million of cash acquired and includes $3 million (2 million Euro) paid in May 2015. The cash consideration of the purchase price 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.

Included in the PA acquisition was the acquisition of a majority interest in a PA subsidiary, M+W Advanced Applications GmbH. On January 15, 2015, the Company increased its ownership from 74% to 100% of the subsidiary. The total cash consideration to be paid in respect of this increased ownership is expected to be $4.4 million (3.2 million Euro), which includes expected future payments of $1.3 million (1.0 million Euro) which are payable and subject to upward and downward adjustment of up to 50% of the expected future payments based on the achievement of certain operating performance targets over the next two years.

For additional information on the acquisition of PA, refer to note 5 of the consolidated financial statements.

BUSINESS OVERVIEW

ATS is an industry-leading automation solutions provider to some of the world's largest 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, chemicals, consumer products, electronics, food, beverage, transportation, energy, and oil and gas. With broad and in-depth knowledge across multiple industries and technical fields, ATS is able to deliver single source solutions to customers that can lower their production costs, accelerate delivery of their products, and improve quality control. ATS' relationships with customers may begin with planning and feasibility studies. In situations where the customer is seeking in-depth analysis before committing to a program, ATS conducts an analysis to verify the economics and feasibility of different types of automation, sets objectives for factors such as line speed and yield, assesses production processes for manufacturability and calculates the total cost of ownership. 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.

When a contract for an automation solution is received, ATS may provide a number of services, including engineering design, prototyping, process verification, specification writing, software development, automation simulation, equipment design and build, third-party equipment qualification, procurement and integration, automation system installation, product line start-up, documentation, customer training and after-installation support, maintenance and service. 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 replication, ATS provides value engineering, supply chain management, integration and manufacturing capabilities and other automation products and solutions.

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, Thailand and India. Through PA, ATS can deliver localized service through a network of 47 offices located around the world. Management believes that ATS' scale and global footprint provide it with competitive advantages in winning large, multinational customer programs that have become increasingly common in the industry.

***Technical skills, capabilities and experience*:** Automation manufacturing is a knowledge-based business. ATS has designed, manufactured, assembled and serviced over 22,000 automation systems worldwide and has an extensive knowledge base and accumulated design experience. Management believes ATS' broad experience in many different industrial markets and with diverse technologies, its talented workforce which includes over 1,400 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.

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; "ATW", which specializes in the transportation market; and "IWK" which specializes in the packaging market. 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.

Product and technology portfolio: Through its history of bringing thousands of unique automation projects to market, ATS and its subsidiaries, including sortimat, ATW and IWK, have developed an extensive product and technology portfolio, including manufacturing vision technologies, numerous material handling and feeder technologies, high-accuracy and high precision laser processing technologies, and high performance tube filling and cartoning technologies. Management believes this extensive product and technology portfolio gives the Company an advantage in developing unique and leading solutions for customers and maintaining cost competitiveness.

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 2015 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 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. The addition of PA has expanded and strengthened ATS' capabilities in a number of areas including process control, software integration, manufacturing execution systems ("MES"), remote monitoring, life cycle management, modelling, simulation and product support.

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)

Revenues by market	**Q4 2015**	Q4 2014	**Fiscal 2015**	Fiscal 2014
Consumer products and electronics	**$ 38.9**	$ 34.8	**$ 165.1**	$ 91.6
Energy	**16.9**	15.9	**63.3**	46.6
Life sciences	**138.8**	81.2	**393.1**	288.7
Transportation	**94.8**	68.8	**314.6**	256.5
Total revenues from continuing operations	**$ 289.4**	$ 200.7	**$ 936.1**	$ 683.4

Revenues by installation location	**Q4 2015**	Q4 2014	**Fiscal 2015**	Fiscal 2014
North America	**$ 151.9**	$ 107.2	**$ 450.4**	$ 328.5
Europe	**96.7**	55.3	**330.1**	192.4
Asia/Other	**40.8**	38.2	**155.6**	162.5
Total revenues from continuing operations	**$ 289.4**	$ 200.7	**$ 936.1**	$ 683.4

Fourth Quarter

Fourth quarter fiscal 2015 revenues were 44% higher than in the corresponding period a year ago primarily reflecting $70.5 million of revenues earned by PA. Excluding PA, fourth quarter revenues were $218.9 million, a 9% increase compared to the corresponding period a year ago primarily reflecting higher Order Bookings in the last three quarters of the fiscal year and the timing of the build cycle on certain larger programs. Foreign exchange rate changes also 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 U.S. dollar.

By market, fourth quarter revenues from consumer products and electronics increased by 12%, primarily on higher Order Bookings. Revenues generated in energy markets increased 6% compared to the corresponding period a year ago, primarily due to increased activity in the nuclear energy market. Revenues generated in life sciences markets increased 71%, primarily on revenues from PA. Transportation revenues increased 38% primarily due to revenues earned by PA.

Full Year

Fiscal 2015 revenues were 37% higher than in the prior fiscal year primarily reflecting revenues of $151.5 million generated by PA since acquisition and $70.3 million of IWK revenues earned in the first six months of fiscal 2015 (IWK was acquired mid-way through fiscal 2014 on September 30, 2013 and contributed for the full fiscal 2015 period). Excluding PA and IWK (for the first six months of fiscal 2015), revenues were $714.3 million, a 5% 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 a year ago, primarily reflecting the weakening of the Canadian dollar relative to the Euro and U.S. dollar.

By market, revenues from consumer products and electronics increased by 80%, primarily on revenues from acquisitions. Revenues generated in energy markets increased 36% primarily on higher Order Backlog entering fiscal 2015 due largely to increased activity in the nuclear energy market and revenue contributions from PA. Revenues generated in life sciences markets increased 36% primarily on revenues from acquisitions. Transportation revenues increased 23% primarily due to revenues earned by PA.

Consolidated Operating Results
(In millions of dollars)

	Q4 2015	Q4 2014	Fiscal 2015	Fiscal 2014
Earnings from operations	**$ 22.6**	$ 17.2	**$ 67.0**	$ 61.0
Amortization of acquisition-related intangible assets	**9.1**	3.8	**28.1**	9.2
Acquisition-related transaction and integration costs	**1.6**	0.2	**13.3**	3.2
Restructuring charges	**1.4**	1.0	**1.4**	6.1
Other non-recurring items[1]	**—**	—	**—**	(4.3)
Adjusted earnings from operations[2]	**$ 34.7**	$ 22.2	**$ 109.8**	$ 75.2

[1]Gain from the recovery of costs related to programs acquired in a previous acquisition, which is non-recurring in nature.
[2]See "Notice to Reader: Non-IFRS Measures and Additional IFRS Measures."

Consolidated Operating Results
(In millions of dollars)

	Q4 2015	Q4 2014	Fiscal 2015	Fiscal 2014
Earnings from operations	**$ 22.6**	$ 17.2	**$ 67.0**	$ 61.0
Depreciation and amortization	**12.6**	6.3	**40.5**	18.4
EBITDA[1]	**$ 35.2**	$ 23.5	**$ 107.5**	$ 79.4

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

Fourth Quarter
Fiscal 2015 fourth quarter earnings from operations were $22.6 million (8% operating margin) compared to $17.2 million (9% operating margin) in the fourth quarter a year ago. Fourth quarter fiscal 2015 earnings from operations included $1.6 million of incremental costs related to the Company's acquisition activity, $1.4 million of restructuring and severance costs, and amortization expenses of $9.1 million related to amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK, ATW and sortimat. Excluding these costs, fourth quarter fiscal 2015 adjusted earnings from operations were $34.7 million (12% margin), compared to adjusted earnings from operations of $22.2 million (11% margin) a year ago. Higher adjusted earnings from operations primarily reflected the inclusion of PA and improved program execution.

Depreciation and amortization expense was $12.6 million in the fourth quarter of fiscal 2015, compared to $6.3 million a year ago, primarily due to a $6.2 million increase in amortization as a result of the addition of identifiable intangible assets recorded on the acquisition of PA.

EBITDA was $35.2 million (12% margin) compared to $23.5 million (12% margin) in the fourth quarter of fiscal 2014. Excluding $1.6 million of acquisition-related costs and restructuring and severance costs of $1.4 million, fourth quarter fiscal 2015 EBITDA was $38.2 million (13%

margin). Comparably, excluding $0.2 million of acquisition-related costs and restructuring and severance costs of $1.0 million, fourth quarter fiscal 2014 EBITDA was $24.7 million (12% margin).

Full Year

Earnings from operations were $67.0 million (7% operating margin) compared to $61.0 million (9% operating margin) a year ago. Earnings from operations included $13.3 million of incremental costs related to the Company's acquisition activity, $1.4 million of restructuring and severance costs, and amortization expenses of $28.1 million related to amortization of identifiable intangible assets recorded on the acquisitions of PA, IWK, ATW and sortimat. Excluding these costs, adjusted earnings from operations were $109.8 million (12% operating margin), compared to adjusted earnings from operations of $75.2 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 $40.5 million in fiscal 2015 compared to $18.4 million a year ago, primarily due to the addition of identifiable intangible assets recorded on the acquisitions of IWK and PA.

EBITDA was $107.5 million (11% EBITDA margin) compared to $79.4 million (12% EBITDA margin) in fiscal 2014. Excluding acquisition-related costs and restructuring and severance costs, fiscal 2015 EBITDA was $122.2 million (13% margin). Excluding acquisition-related costs, restructuring charges and the one-time gain from the recovery of costs related to programs acquired in a previous acquisition, fiscal 2014 EBITDA was $84.4 million (12% margin).

Order Bookings by Quarter

(In millions of dollars)

	Fiscal 2015	Fiscal 2014
Q1	**$ 161**	$ 165
Q2	**216**	110
Q3	**287**	237
Q4	**317**	197
Total Order Bookings	**$ 981**	$ 709

Fourth Quarter

Fourth quarter fiscal 2015 Order Bookings were $317 million, a 61% increase from the fourth quarter of fiscal 2014, primarily reflecting $70 million of Order Bookings generated by PA. Excluding PA, Order Bookings were $247 million, a 25% increase from the corresponding period a year ago. Strength in transportation, life sciences and energy markets more than offset lower activity in consumer products and electronics markets. Foreign exchange rate changes positively impacted the translation of Order Bookings from foreign-based ATS subsidiaries compared to the corresponding period a year ago.

Full Year

Fiscal 2015 Order Bookings were $981 million, a 38% increase from prior year Order Bookings of $709 million. Excluding PA and IWK (for the first six months of fiscal 2015), Order Bookings were $774 million, a 9% increase over the corresponding period a year ago. Strength in life sciences and transportation markets was partially offset by lower activity in consumer products and electronics and energy markets. Foreign exchange rate changes also positively impacted the translation of Order Bookings from foreign-based ATS subsidiaries compared to fiscal 2014.

Order Backlog Continuity
(In millions of dollars)

	Q4 2015	Q4 2014	**Fiscal 2015**	Fiscal 2014
Opening Order Backlog	**$ 602**	$ 467	**$ 474**	$ 398
Revenues	**(289)**	(201)	**(936)**	(683)
Order Bookings	**317**	197	**981**	709
Order Backlog adjustments[1]	**2**	11	**113**	50
Total	**$ 632**	$ 474	**$ 632**	$ 474

[1] Fiscal 2015 Order Backlog adjustments include foreign exchange adjustments, order cancellations and incremental Order Backlog of $131 million acquired with PA. Fiscal 2014 Order Backlog adjustments included foreign exchange adjustments, order cancellations and incremental Order Backlog of $45 million acquired with IWK.

Order Backlog by Market
(In millions of dollars)

	Fiscal 2015	Fiscal 2014
Consumer products and electronics	**$ 64**	$ 79
Energy	**53**	55
Life sciences	**255**	170
Transportation	**260**	170
Total	**$ 632**	$ 474

At March 31, 2015, Order Backlog was $632 million, 33% higher than at March 31, 2014. Higher Order Backlog primarily reflected the addition of PA as well as higher Order Bookings in life sciences and transportation markets, partially offset by lower Order Bookings in consumer products and electronics and energy markets.

Outlook
The global economic environment has continued to show signs of volatility, and uncertainty remains. In North America, U.S. economic growth has slowed, and Canada's growth remains weak. 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 long lead times on projects.

Many customers remain cautious in their approach to capital investment; however, activity in the life sciences and transportation markets has remained strong. The Company has seen strength in energy markets such as nuclear; however, the solar energy market remains weak due to reductions in solar feed-in-tariffs. Activity in the consumer products and electronics market has improved.

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 $632 million at the end of the fourth 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. In the first quarter of fiscal 2016, management expects to operate at the lower end of this range.

The addition of PA provides growth opportunities both in new markets and with existing customers. PA's significant capability and market position benefit ATS and its growth strategy. 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, life cycle management, modelling and simulation capabilities. PA provides an imbedded engineering, service and sales force, with early insight into customer preferences, developments, problems and programs. This allows 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 have the ability to engage customers on a more comprehensive basis. Opportunities to improve profitability are being 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 is expected to put ATS in a strong competitive position to capitalize on opportunities going forward and sustain performance in challenging market conditions. With the addition of PA, the Company has undertaken a comprehensive review of its facilities and global capacity. As a result of this review, the Company has agreed to divest its Swiss-based automation operations through a sale to a third party. The transaction is expected to close in the first quarter of fiscal 2016. Additional actions to re-balance global capacity and improve the Company's cost structure are expected to be implemented in the first and second quarters of fiscal 2016. As a result, management expects to incur charges of approximately $3 million in the first two quarters of fiscal 2016. These charges are expected to have an approximate payback period of less than one year. 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 & SELECTED FOURTH QUARTER AND ANNUAL INFORMATION

(In millions of dollars, except per share data)

	Q4 2015	Q4 2014	**Fiscal 2015**	Fiscal 2014	Fiscal 2013
Revenues	**$ 289.4**	$ 200.7	**$ 936.1**	$ 683.4	$ 591.1
Cost of revenues	**217.3**	146.6	**691.1**	501.7	441.2
Selling, general and administrative	**49.0**	35.0	**173.7**	113.3	89.5
Stock-based compensation	**0.5**	1.9	**4.3**	7.3	3.8
Earnings from operations	**$ 22.6**	$ 17.2	**$ 67.0**	$ 61.0	$ 56.6
Net finance costs	**$ 4.3**	$ 1.0	**$ 11.9**	$ 3.0	$ 2.0
Provision for income taxes	**4.4**	4.5	**$ 16.2**	8.6	13.5
Net income from continuing operations	**$ 13.9**	$ 11.7	**$ 38.9**	$ 49.4	$ 41.1
Income (loss) from discontinued operations, net of tax	**$ 2.2**	$ (0.4)	**$ 16.2**	$ 12.8	$ (26.0)
Net income	**$ 16.1**	$ 11.3	**$ 55.1**	$ 62.2	$ 15.1
Earnings (loss) per share					
Basic from continuing operations	**$ 0.15**	$ 0.13	**$ 0.43**	$ 0.56	$ 0.47
Basic from discontinued operations	**$ 0.03**	$ (0.01)	**$ 0.18**	$ 0.14	$ (0.30)
	$ 0.18	$ 0.12	**$ 0.61**	$ 0.70	$ 0.17
Diluted from continuing operations	**$ 0.15**	$ 0.13	**$ 0.42**	$ 0.55	$ 0.46
Diluted from discontinued operations	**$ 0.03**	$ (0.01)	**$ 0.18**	$ 0.14	$ (0.29)
	$ 0.18	$ 0.12	**$ 0.60**	$ 0.69	$ 0.17
From continuing operations:					
Total assets			**$ 1,220.7**	$ 778.4	$ 565.4
Total cash and short-term investments			**$ 106.1**	$ 76.5	$ 105.5
Total bank debt			**$ 291.3**	$ 6.0	$ 1.2

Revenues. At $289.4 million, consolidated revenues from continuing operations for the fourth quarter of fiscal 2015 were $88.7 million or 44% higher than in the corresponding period a year ago, primarily on incremental PA revenues. At $936.1 million, fiscal 2015 revenues were $252.7 million or 37% higher than a year ago, primarily on incremental IWK and PA revenues. See "Overview – Operating Results from Continuing Operations."

Cost of revenues. At $217.3 million, fourth quarter fiscal 2015 cost of revenues increased over the corresponding period a year ago by $70.7 million or 48%, primarily on higher revenues. Fiscal 2015 cost of revenues of $691.1 million increased by $189.4 million or 38%, primarily on higher revenues compared to a year ago.

At 25%, gross margin in the fourth quarter of fiscal 2015 decreased 2% from the corresponding period a year ago due to the addition of PA. PA's cost structure 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. Fiscal 2015 gross margin of 26% decreased 1% from the corresponding period a year ago due to the addition of PA.

Selling, general and administrative ("SG&A") expenses. SG&A expenses for the fourth quarter of fiscal 2015 were $49.0 million. This included $1.6 million of incremental costs related to the Company's acquisition activity and restructuring and severance expenses of $1.4 million. Excluding these costs, SG&A expenses were $12.2 million or 36% higher than the $33.8 million incurred in the corresponding period in the prior year, which is exclusive of $0.2 million of acquisition-related costs and $1.0 million of restructuring charges incurred to re-balance global capacity and improve the Company's cost structure. Higher SG&A costs primarily reflected the addition of PA, including $6.2 million of incremental amortization expense related to the identifiable intangible assets recorded on the acquisition, foreign exchange rate changes which impacted the translation of SG&A expenses, and higher employee-related costs.

Fiscal 2015 SG&A expenses were $173.7 million, which included $13.3 million of costs related to the Company's acquisition strategy and $1.4 million of restructuring and severance costs. Excluding these costs, SG&A spending was $159.0 million, $50.7 million or 47% higher than a year ago. Higher SG&A costs primarily reflected the addition of PA and IWK, including $19.3 million of incremental amortization expense related to the identifiable intangible assets recorded on the PA and IWK acquisitions.

Stock-based compensation. Stock-based compensation expense of $0.5 million in the fourth quarter of fiscal 2015 decreased from $1.9 million in the corresponding period a year ago. Fiscal 2015 stock-based compensation expense decreased to $4.3 million from $7.3 million a year ago. The decrease in stock-based compensation costs primarily reflects the revaluation of deferred stock units, share appreciation rights and restricted share units based on changes in the market price of the Company's stock.

Earnings from operations. For the three and twelve month periods ended March 31, 2015, consolidated earnings from operations were $22.6 million and $67.0 million respectively (operating margins of 8% and 7% respectively), compared to earnings from operations of $17.2 million and $61.0 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 $4.3 million in the fourth quarter of fiscal 2015, $3.3 million higher than the corresponding period a year ago. Fiscal 2015 finance costs were $11.9 million compared to $3.0 million a year ago. The increase in net finance costs in both periods 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 twelve months ended March 31, 2015, the Company's effective income tax rates of 24% and 29%, 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 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 fourth quarter net income from continuing operations was $13.9 million (15 cents per share basic and diluted) compared to $11.7 million (13 cents per share basic and diluted) for the fourth quarter of fiscal 2014. Net income from continuing operations for fiscal 2015 was $38.9 million (0.43 cents per share basic and 0.42 cents per share diluted) compared to $49.4 million (56 cents per share basic and 55 cents per share diluted) a year ago.

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):

	Fiscal 2015	Fiscal 2014	Fiscal 2013
EBITDA	**$ 107.5**	$ 79.4	$ 68.8
Less: depreciation and amortization expense	**40.5**	18.4	12.2
Earnings from operations	**$ 67.0**	$ 61.0	$ 56.6
Less: net finance costs	**11.9**	3.0	2.0
Provision for income taxes	**16.2**	8.6	13.5
Net income from continuing operations	**$ 38.9**	$ 49.4	$ 41.1

	Q4 2015	Q4 2014
EBITDA	**$ 35.2**	$ 23.5
Less: depreciation and amortization expense	**12.6**	6.3
Earnings from operations	**$ 22.6**	$ 17.2
Less: net finance costs	**4.3**	1.0
Provision for income taxes	**4.4**	4.5
Net income from continuing operations	**$ 13.9**	$ 11.7

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

	Three Months Ended March 31, 2015			Three Months Ended March 31, 2014		
	IFRS	**Adjustments**	**Adjusted (non-IFRS)**	IFRS	Adjustments	Adjusted (non-IFRS)
Earnings from operations	**$ 22.6**	**$ –**	**$ 22.6**	$ 17.2	$ –	$ 17.2
Amortization of acquisition-related intangible assets	**–**	**9.1**	**9.1**	–	3.8	3.8
Acquisition-related transaction costs	**–**	**1.6**	**1.6**	–	0.2	0.2
Restructuring charges	**–**	**1.4**	**1.4**	–	1.0	1.0
	$ 22.6	**$ 12.1**	**$ 34.7**	$ 17.2	$ 5.0	$ 22.2
Less: net finance costs	**$ 4.3**	**$ –**	**$ 4.3**	$ 1.0	$ –	$ 1.0
Income from continuing operations before income taxes	**$ 18.3**	**$ 12.1**	**$ 30.4**	$ 16.2	$ 5.0	$ 21.2
Provision for income taxes	**$ 4.4**	**$ –**	**$ 4.4**	$ 4.5	$ –	$ 4.5
Adjustment to provision for income taxes[1]	**–**	**3.5**	**3.5**	–	1.3	1.3
	$ 4.4	**$ 3.5**	**$ 7.9**	$ 4.5	$ 1.3	$ 5.8
Net income from continuing operations	**$ 13.9**	**$ 8.6**	**$ 22.5**	$ 11.7	$ 3.7	$ 15.4
Basic earnings per share from continuing operations	**$ 0.15**	**$ 0.09**	**$ 0.24**	$ 0.13	$ 0.04	$ 0.17

	Twelve Months Ended March 31, 2015			Twelve Months Ended March 31, 2014		
	IFRS	**Adjustments**	**Adjusted (non-IFRS)**	IFRS	Adjustments	Adjusted (non-IFRS)
Earnings from operations	**$ 67.0**	**$ —**	**$ 67.0**	$ 61.0	$ —	$ 61.0
Amortization of acquisition-related intangible assets	—	**28.1**	**28.1**	—	9.2	9.2
Acquisition-related transaction costs	—	**13.3**	**13.3**	—	3.2	3.2
Unusual items	—	—	—	—	(4.3)	(4.3)
Restructuring charges	—	**1.4**	**1.4**	—	6.1	6.1
	$ 67.0	**$ 42.8**	**$ 109.8**	$ 61.0	$ 14.2	$ 75.2
Less: net finance costs	**$ 11.9**	**$ —**	**$ 11.9**	$ 3.0	$ —	$ 3.0
Income from continuing operations before income taxes	**$ 55.1**	**$ 42.8**	**$ 97.9**	$ 58.0	$ 14.2	$ 72.2
Provision for income taxes	**$ 16.2**	**$ —**	**$ 16.2**	$ 8.6	$ —	$ 8.6
Recognition of previously unrecognized liabilities	—	—	—	—	8.8	8.8
Adjustment to provision for income taxes[1]	—	**11.4**	**11.4**	—	3.3	3.3
	$ 16.2	**$ 11.4**	**$ 27.6**	$ 8.6	$ 12.1	$ 20.7
Net income from continuing operations	**$ 38.9**	**$ 31.4**	**$ 70.3**	$ 49.4	$ 2.1	$ 51.5
Basic earnings per share from continuing operations	**$ 0.43**	**$ 0.34**	**$ 0.77**	$ 0.56	$ 0.02	$ 0.58

[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)

	Q4 2015	Q4 2014	**Fiscal 2015**	Fiscal 2014
Total revenues	**$ —**	$ —	**$ —**	$ 1.1
Gain on sale	**2.5**	—	**16.7**	13.8
Income (loss) from discontinued operations, net of tax	**2.2**	(0.4)	**16.2**	12.8

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 quarter of fiscal 2014.

Income from Discontinued Operations

Ontario Solar recorded income of $2.2 million in the fourth quarter of fiscal 2015 on the completion of the sale of the final three remaining ground-mount solar projects.

For the year, the Company realized gains of $16.7 million related to the sales of its ground-mount solar projects.

Solar Outlook

During fiscal 2015, all remaining solar assets were divested.

SUMMARY OF INVESTMENTS, LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

Investments

(In millions of dollars)

	Fiscal 2015	Fiscal 2014
Investments – increase (decrease)		
Non-cash operating working capital	**$ (3.6)**	$ 4.9
Property, plant and equipment	**11.2**	4.3
Acquisition of intangible assets	**6.8**	6.8
Business acquisition, net of cash acquired	**355.4**	137.4
Purchase of non-controlling interest	**4.4**	—
Proceeds from disposal of assets	**(8.9)**	(0.2)
Disposal of portfolio investment	**—**	(5.2)
Investing activities of discontinued operations	**(22.1)**	(21.9)
Total net investments	**$ 343.2**	$ 126.1

In fiscal 2015, the Company's investment in non-cash working capital decreased by $3.6 million compared to an increase of $4.9 million a year ago. Accounts receivable increased 23% or $27.5 million, driven by the increase in fiscal 2015 revenues and the acquisition of PA. Net contracts in progress increased 34% or $29.9 million compared to March 31, 2014 due to the acquisition of PA and timing of closing customer programs compared to fiscal 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 74.0% or $17.9 million primarily due to the acquisition of PA. Deposits and prepaid assets increased 53% or $5.1 million compared to March 31, 2014 due to the timing of program execution. Accounts payable and accrued liabilities increased 45% or $62.6 million primarily due to the acquisition of PA and timing of purchases.

Capital expenditures totalled $11.2 million for fiscal 2015, primarily related to incremental capital expenditures from the addition of PA. Capital expenditures totalled $4.3 million in fiscal 2014, primarily related to computer hardware. Intangible assets expenditures for both fiscal 2015 and fiscal 2014 were $6.8 million and primarily related to computer software.

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 2015 and has determined there is no impairment of goodwill or intangible assets as of March 31, 2015 (fiscal 2014 – $nil).

All of 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 2015		Fiscal 2014
Cash and cash equivalents	**$**	**106.1**	$	76.5
Debt-to-equity ratio		**0.54:1**		0.01:1
Cash flows provided by operating activities from continuing operations	**$**	**82.1**	$	70.0

At March 31, 2015, the Company had cash and cash equivalents of $106.1 million compared to $76.5 million at March 31, 2014. The Company's total-debt-to-total- equity ratio, excluding accumulated other comprehensive income, was 0.54:1 at March 31, 2015.

At March 31, 2015, the Company had $377 million of unutilized multipurpose credit, including letters of credit, available under existing credit facilities and an additional $5.8 million available under letter of credit facilities.

In fiscal 2015, cash flows provided by operating activities from continuing operations were $82.1 million ($70.0 million provided by in the corresponding period a year ago). The increase in operating cash flows from continuing operations related primarily to higher earnings net of depreciation and amortization expenses and the timing of investments in non-cash working capital in large customer programs.

During 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 matures on August 29, 2018. The Credit Facility is secured by: (i) the Company's assets, excluding real estate; (ii) assets, excluding 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, 2015, the Company had utilized $375.0 million under the Credit Facility, of which $290.0 million was classified as long-term debt (March 31, 2014 - $nil) and $85.0 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 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. 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 the 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 ratio 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 $9.1 million (1.7 million Euro, 200.0 million Indian Rupees, 0.5 million Swiss Francs, 50.0 million Thai Baht and 0.4 million Czech Koruna). The total amount outstanding on these facilities was $6.6 million, of which $1.7 million was classified as bank indebtedness (March 31, 2014 - $0.9 million) and $4.9 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 10.25% per annum. A portion of the long-term debt is secured by certain assets of the Company. The 0.5 million Swiss Francs and 200.0 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. The total cash consideration paid was $367 million (253 million Euro). At the close of the transaction, $365 million (251 million Euro) was paid, with the balance paid in May 2015. 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	$ 9.7	$ 54.5
One – two years	8.3	0.4
Two – three years	5.3	—
Three – four years	3.9	—
Four – five years	3.3	—
Due in over five years	4.0	—
	$ 34.5	$ 54.9

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 March 31, 2015, the total value of outstanding bank guarantees was approximately $118.0 million under credit facilities from continuing operations (March 31, 2014 - $95.3 million from continuing operations and $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 13 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 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 fiscal 2015, 836,118 stock options were exercised. At May 20, 2015 the total number of shares outstanding was 91,629,665 and there were 4,221,283 stock options outstanding to acquire common shares of the Company.

RELATED-PARTY TRANSACTIONS

During fiscal 2015, the Company 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 U.S. $0.5 million. 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 fiscal 2015.

FOREIGN EXCHANGE

The Company is exposed to foreign exchange risk through transactions in currencies other than its functional currency of the Canadian dollar and through its investments in its foreign based subsidiaries. Weakening in the value of the Canadian dollar relative to the U.S. dollar had a positive impact on translation of the Company's revenues in fiscal 2015 compared to 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 13 to the consolidated financial statements for details on the derivative financial instruments outstanding at March 31, 2015.

In addition, from time to time, the Company enters into forward foreign exchange contracts to manage the foreign exchange risk arising from certain intercompany 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$

	Year-end actual exchange rates			**Period average exchange rates**		
	March 31, 2015	March 31, 2014	% change	**March 31, 2015**	March 31, 2014	% change
U.S. Dollar	**1.2666**	1.1055	14.6%	**1.1384**	1.0538	8.0%
Euro	**1.3615**	1.5230	(10.6%)	**1.4383**	1.4137	1.7%

CONSOLIDATED QUARTERLY RESULTS

(In millions of dollars, except per share amounts)	**Q4 2015**	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenues from continuing operations	**$ 289.4**	$ 248.8	$ 207.0	$ 190.9	$ 200.7	$ 178.0	$ 154.6	$ 150.0
Earnings from operations	**$ 22.6**	$ 15.9	$ 14.1	$ 14.4	$ 17.2	$ 16.7	$ 14.4	$ 12.7
Adjusted earnings from operations	**$ 34.7**	$ 27.2	$ 27.0	$ 21.1	$ 22.2	$ 20.5	$ 16.6	$ 15.9
Income from continuing operations	**$ 13.9**	$ 8.6	$ 7.4	$ 9.0	$ 11.7	$ 18.8	$ 10.4	$ 8.6
Income (loss) from discontinued operations	**$ 2.2**	$ (0.0)	$ 7.1	$ 6.9	$ (0.4)	$ (0.3)	$ 2.5	$ 11.0
Net income	**$ 16.1**	$ 8.6	$ 14.5	$ 15.9	$ 11.3	$ 18.5	$ 12.9	$ 19.6
Basic earnings per share from continuing operations	**$ 0.15**	$ 0.09	$ 0.08	$ 0.10	$ 0.13	$ 0.21	$ 0.12	$ 0.10
Adjusted basic earnings per share from continuing operations	**$ 0.24**	$ 0.18	$ 0.19	$ 0.15	$ 0.17	$ 0.14	$ 0.14	$ 0.13
Basic earnings (loss) per share from discontinued operations	**$ 0.03**	$ (0.00)	$ 0.08	$ 0.08	$ (0.01)	$ (0.00)	$ 0.03	$ 0.12
Basic earnings per share	**$ 0.18**	$ 0.09	$ 0.16	$ 0.18	$ 0.12	$ 0.21	$ 0.15	$ 0.22
Diluted earnings per share from continuing operations	**$ 0.15**	$ 0.09	$ 0.08	$ 0.10	$ 0.13	$ 0.21	$ 0.11	$ 0.10
Diluted earnings (loss) per share from discontinued operations	**$ 0.03**	$ (0.00)	$ 0.08	$ 0.07	$ (0.01)	$ (0.00)	$ 0.03	$ 0.12
Diluted earnings per share	**$ 0.18**	$ 0.09	$ 0.16	$ 0.17	$ 0.12	$ 0.21	$ 0.14	$ 0.22
Order Bookings	**$ 317.0**	$ 287.0	$ 216.0	$ 160.0	$ 197.0	$ 237.0	$ 110.0	$ 165.0
Order Backlog	**$ 632.0**	$ 602.0	$ 561.0	$ 425.0	$ 474.0	$ 467.0	$ 355.0	$ 415.0

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. 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 some of 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; and by the timing of acquisitions.

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) "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.

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 18 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 19 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 costs 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 11 to the consolidated financial statements. The Company performed its annual impairment test of goodwill as at March 31, 2015 and has determined there is no impairment (March 31, 2014 – $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 balance sheet 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 15 of the consolidated financial statements.

ACCOUNTING STANDARDS ADOPTED IN FISCAL 2015

IFRIC 21 – Levies
Effective April 1, 2014, the Company applied IFRIC 21, which 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.

ACCOUNTING STANDARDS AMENDED TO REFLECT ANNUAL IMPROVEMENTS 2010-2012 CYCLE ISSUED BY THE IASB IN MAY 2012

IFRS 2 – Share-based Payments
The IASB amended this standard to clarify the definition of a vesting condition and separately defines "performance condition" and "service condition." The amendment is effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 3 – Business Combinations
The IASB amended this standard to clarify contingent consideration in a business combination. The amendment is effective for business combinations where the acquisition date is on or after July 1, 2014.

IFRS 8 – Operating Segments
Effective for interim and annual financial statements relating to fiscal years beginning on or after July 1, 2014, the IASB amended this standard to require disclosure of the judgments made by management in aggregating operating segments along with the requirement to include a reconciliation of segment assets to the entity's assets when segment assets are reported.

The Company does not anticipate a significant impact to the financial statements related to these amendments.

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* which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, revenue is 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, 2017. In April 2015, the IASB proposed deferring the effective date of the standard to January 1, 2018. The IASB is expected to issue an exposure draft in May 2015 in relation to the proposed effective date deferral. The Company is in the process of reviewing the standard to determine the impact on its consolidated financial statements.

IFRS 9 – Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments* which replaces all phases of the financial instruments project, IAS 39 – *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of reviewing the standard to determine the impact on its consolidated financial statements.

IAS 19 – Employee Benefits
The amendments to IAS 19 – *Employee Benefits* require an entity to consider contributions from employees or third parties when accounting for defined benefit plans. When the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

These amendments are effective for annual periods beginning on or after July 1, 2014. The Company is currently assessing the impact of adopting these amendments on its consolidated financial statements and does not expect any significant impact.

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, 2015 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, 2015, 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 year ended March 31, 2015, other than as noted below, 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.

In May 2013, COSO released an updated version of the 1992 internal control integrated framework. The original framework was available through December 15, 2014, at which time the 1992 framework was superseded. During fiscal 2015, the Company adopted the new framework.

The Company acquired PA on September 1, 2014. During the three months ended March 31, 2015, management completed its evaluation on the design and operating effectiveness of PA's internal controls over financial reporting and concluded that, as of March 31, 2015, 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.

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;
- 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 and anti-bribery laws risk;
- Intellectual property protection risks;
- Risk of infringement of third parties' intellectual property rights;
- 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: 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; expected cash consideration for purchase of remaining interest in M+W Advanced Applications GmbH; potential impact of general economic environment, including impact on demand and Order Bookings; impacts on demand for Company's products potentially lagging global macroeconomic trends; activity in the market segments that the Company serves; the engagement with customers on enterprise solutions providing ATS with more strategic relationships, increased predictability, better program control and less sensitivity to macroeconomic forces; 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 and expectations in that regard for the first quarter of fiscal 2016; 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 management focus and strategic initiatives on ATS operations; expected timing of closing of divestiture of Swiss-based operations; expected restructuring, related costs, and expected payback period; 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; 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 based on rate of achievement of performance targets, the cash consideration for the remaining interest in M+W Advanced Applications GmbH is other than expected; variations in the amount of Order Backlog completed in any given quarter; in the first quarter of 2016, completion of an amount of Order Backlog other than as expected; variation in the amount of time and materials contracts performed by PA in any given quarter; that ATS is unable to realize upon growth opportunities presented by PA, or expand product or service offerings; that ATS is unable to leverage PA's capability and market position; that revenue synergies are not realized; that customers are more difficult to engage than expected; that strategic initiatives are delayed, not completed, or do not have intended positive impact; that the sale of the Swiss-based operation is delayed or does not close; that restructuring charges are greater than expected and/or that the payback is not realized as quickly as anticipated; 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 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.