

ATS

Build. Grow. Expand.

CFT S.p.A. ACQUISITION

TSX: ATA

12.07.2020

Forward Looking Statements & Non-IFRS Measures



This presentation and the oral statements made during this meeting contain 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: statements with respect to completion of and timing for completion of the tender offer, the growth of the market CFT S.p.A ("CFT") serves and CFT's positioning to meet demand; expectations relating to CFT revenue and EBITDA margin; expectations relating to ATS' return on invested capital associated with this investment; and expectations regarding ATS support for CFT, integration and deployment of the ATS Business Model. The risks and uncertainties that may affect forward-looking statements include, among others: impact of the global economy and general market performance including capital market conditions and availability and cost of credit; performance of the market sectors that CFT and ATS serve; foreign currency and exchange risk; the relative strength of the Canadian dollar; impact of factors such as increased pricing pressure and possible margin compression; the regulatory and tax environment; failure or delays associated with new customer programs; that ATS support, integration and the deployment of the ATS Business Model are not completed as quickly or effectively as planned or expected and, as a result, anticipated benefits, enhancements and synergies are not realized; that CFT's business does not perform as expected, negatively impacting revenue and EBITDA margin and return on invested capital; that one or more customers, or other persons with which CFT has contracted, experience insolvency or bankruptcy with resulting delays, costs or losses; political, labour or supplier disruptions; imposition of new duties, tariffs or other legal barriers that impact CFT's markets; that growth in markets CFT serves is less than expected; risks relating to legal proceedings to which CFT and/or ATS is or may become a party; exposure to product liability claims; risks associated with greater than anticipated tax liabilities or expenses; and other risks detailed from time to time in ATS' filings with Canadian provincial securities regulators. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and other than as required by applicable securities laws, ATS does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change.

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

ATS launches tender to acquire CFT S.p.A. for €166mm



- Global supplier of processing and packaging automation equipment
- Platform acquisition in the highly regulated Food & Beverage market
- Strongly positioned in attractive fresh produce sorting, processing, and packaging niches
- Adds complementary technologies that can be combined to create unique market offerings
- Attractive deal economics with strong synergy potential



Transaction Details

- **Purchase Price:** €4.60 per share, Enterprise value €166mm (~C\$260mm)
 - 9.5x 2019 EBITDA of €17.5mm (5.3x including synergies)
- **Funding:** Combination of cash on hand and revolving credit facility
- **Pro-forma Leverage:** 2.3x Net Debt / LTM EBITDA
- **Estimated Close:** Calendar Q1, 2021

Strategic Rationale

- Entry into attractive and regulated Food & Beverage machinery end market
- Innovative products with differentiated technologies (140 patents)
- Strong brands in niche markets
- Opportunity to create significant shareholder value

Financial Benefits

- **Significant Synergies Expected by Year 3**
 - Cost synergies ~€7mm (Public Company Costs, ABM, Supply Chain)
 - Revenue synergies ~€7mm (Cross-selling, Aftermarket Initiatives)
- **EPS / CFPS Impact:** Accretive in Year 1
- **ROIC:** Double digit ROIC target by Year 3

CFT Overview



- Established in 1945 and based in Parma, Italy
- Global supplier of processing and packaging equipment to the Food & Beverage industry
- Leading brands in attractive market segments
- Global operations with 8 facilities in Italy, Spain, Germany and Ukraine
- 900+ employees

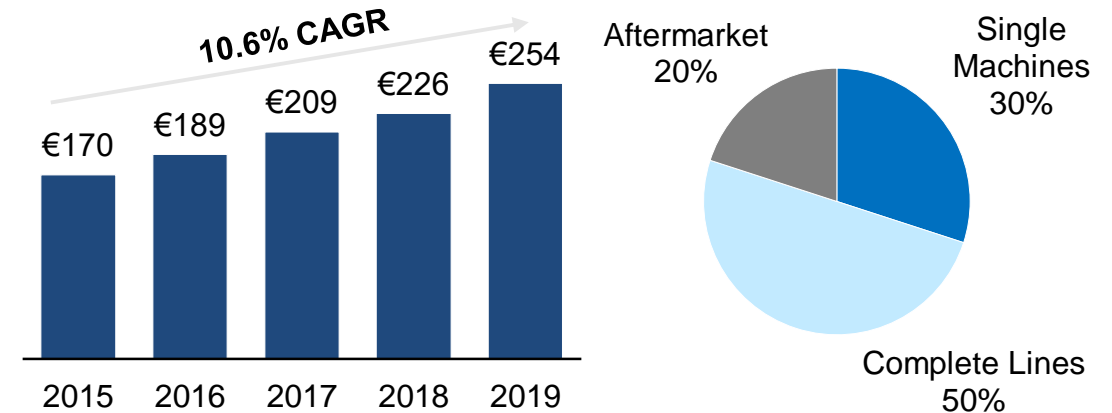
Strong Brand Portfolio



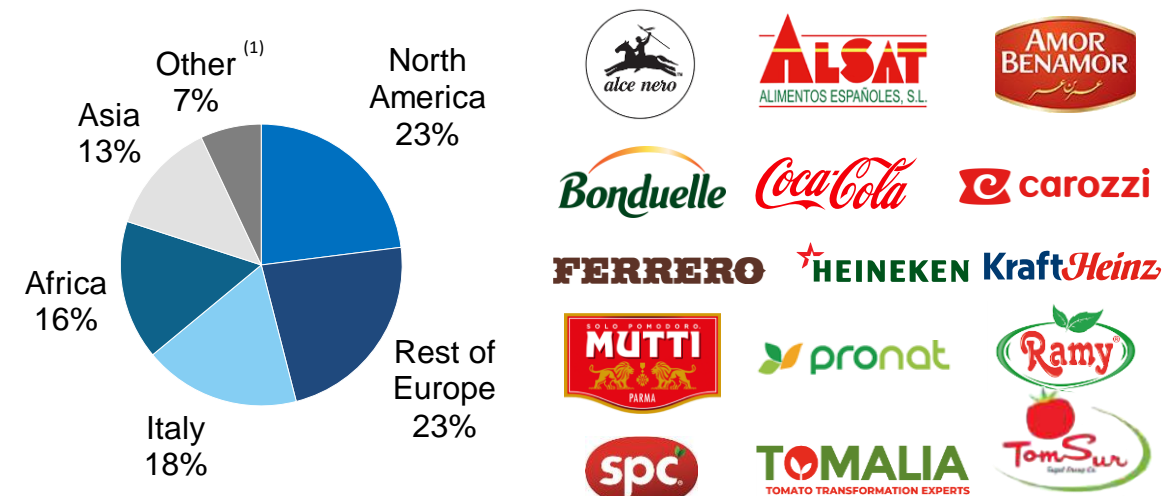
1) Other includes Central & South America (6%) and Oceania (1%)

Attractive Revenue Profile

Figures in Millions



Diversified Customer & Revenue Base

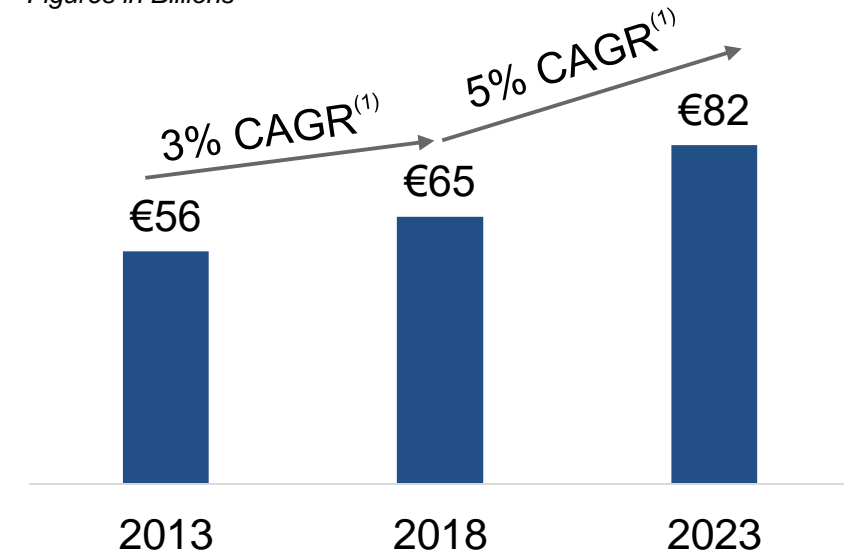


Food & Beverage Automation – Attractive Market for ATS

- Highly regulated with a high cost of failure and low cyclicality
- Addressable market expected to grow ~5-8%
 - Increased demand for safety and hygiene
 - Need to manage labour costs
 - Increased demand for quality and speed
- Fragmented market with top 5 players holding only ~10% market share
 - Significant opportunity for further M&A

Food & Beverage Automation Market Size

Figures in Billions



CFT End-Markets 5-Year Forecasted CAGR⁽¹⁾

5%



Fresh Produce Processing

8%



Food Optical Sorting

5%



Liquid Food & Beverage Filling

6%



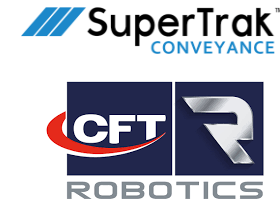
Beer Processing

1) Industry Reports, ATS estimates

- Platform acquisition into attractive Food & Beverage market
- Technological leadership in niche market areas
 - 140 patents
- Access to multiple elements of the value chain, creating cross-selling opportunities
- Synergies through technology sharing and joint development
- Opportunities to significantly enhance margins
 - Application of ATS Business Model to drive supply chain and operational synergies

Selected Synergy Opportunities

Material Handling



ATS automation expertise to accelerate CFT's robotics development

Optical Sorting and Inspection



MARCO and Raytec's commercial overlap drives customer opportunities

Liquid Filling



Leverage CFT aseptic filling across multiple ATS platforms

 **BUSINESS MODEL**

Drive Continuous Improvement Mindset

Application of the ATS M&A Playbook



What We Look For

Attractive Markets	<ul style="list-style-type: none"> ▪ Large scale ▪ Growth orientated ▪ Regulated spaces 			<ul style="list-style-type: none"> ▪ €65B market growing at mid-single digits ▪ Rising consumer demand ▪ Strict industry and government regulations
Strategic Value	<ul style="list-style-type: none"> ▪ Differentiated technology ▪ Innovative products ▪ Niche applications ▪ Geographic penetration ▪ Brand 			<ul style="list-style-type: none"> ▪ Industry leading technologies with a globally recognized brand ▪ Invested heavily in technologies for attractive markets
Operational Fit	<ul style="list-style-type: none"> ▪ Ability to manage ▪ Synergy potential ▪ ABM implementation 			<ul style="list-style-type: none"> ▪ Experienced and motivated leadership team ▪ Commercial and technology synergies ▪ Leverage ABM to drive growth
Financial Returns	<ul style="list-style-type: none"> ▪ ROIC > cost of capital ▪ Strong EBITDA potential ▪ Recurring revenue ▪ EPS accretion 			<ul style="list-style-type: none"> ▪ Identified specific cost synergies to recover margins in line with leading players ▪ Double digit ROIC target by Year 3

Acquisition:

- Acquired in Feb 2019
- Leading manufacturer of shielding equipment for radio-pharma & aseptic production
- HQ in Castel-Bolognese, Italy
- Purchase price €113mm, 2018 Sales of €67mm

Rationale:

- New & highly complementary technological capabilities
- Comecer – Strong in isolator technologies; ATS – Strong in automation
- Entry into the regulated Radio-pharma and Pharma sectors
- Opportunities for cost & revenue synergies

Performance Since Acquisition⁽¹⁾

Book-to-Bill⁽²⁾

+20%



Cross-Selling Opportunities

Operating Margin

+300bps



ABM Driving Execution and Synergies

Aftermarket⁽³⁾

+200bps



Expanding Aftermarket Services

1) Based on LTM figures (period ending Oct 31, 2020)

2) Current vs. average book-to-bill from 2014 to 2018

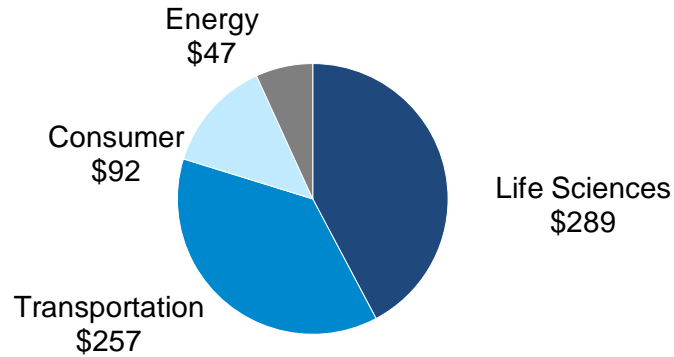
3) Pre-COVID-19 basis

On the Move to Higher Value and Higher Growth



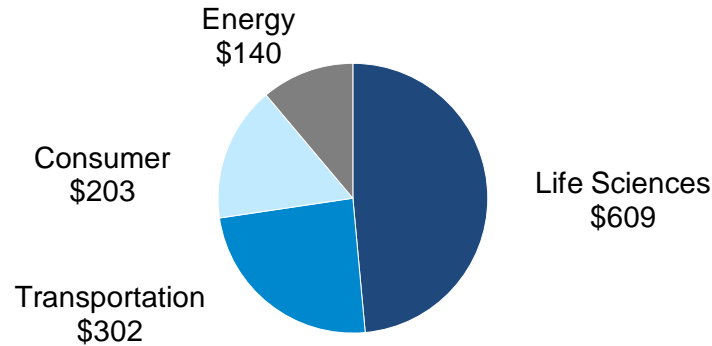
2013⁽¹⁾

Figures in Millions



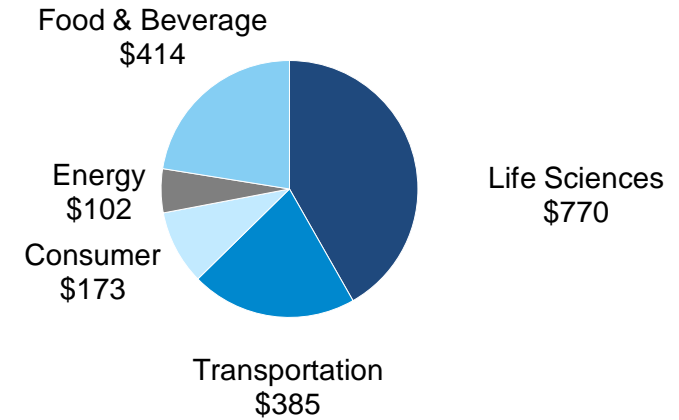
2018⁽¹⁾

Figures in Millions



Pro-Forma Today⁽¹⁾

Figures in Millions



Life Sciences Acquisitions

Food & Beverage Acquisitions

2013 - 2015

- for ~\$355mm
- for ~\$137mm
- Exit ATS-Wickel

2018

- for ~\$172mm

2019 - Today

- for ~\$260mm
- for ~\$57mm
Productivity Improvement Experts
- Exit ATW Germany



1) Shows revenue split by period. 2013 split based on ATS FY2014 financials. 2018 split based on ATS FY2019 financials. Pro-Forma today split based on LFY ATS and CFT financials



Attractive industry fundamentals with CFT holding a leading position in its key end markets



Transaction enhances ATS' Food and Beverage capabilities and provides access to new parts of the value chain



Opportunity to deploy the ATS Business Model to drive operating improvements, realize synergies, and significantly enhance margins



Accretive to EPS and CFPS while maintaining conservative pro forma leverage and targeting a double digit ROIC

ATS AUTOMATION | TSX:ATA

