

ATS

Build. Grow. Expand.

Third Quarter F2021 Earnings
Presentation
Feb 3, 2021

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 including those related to the COVID-19 pandemic 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, COVID-19, Backlog conversion, margin expansion and ABM, and CFT tender offer. The risks and uncertainties that may affect forward-looking statements include, among others, the duration and impact of the COVID-19 pandemic, general market performance, performance of the Canadian dollar, performance of the market sectors that ATS serves, success and impact of the initiatives that ATS is undertaking, variations in the amount of Order Backlog completed in any given quarter, that efforts to expand adjusted earnings from operations margin over long-term is unsuccessful, due to any number of reasons, including failure of ABM to impact margins, that the proposed acquisition of CFT will not occur or that the anticipated benefits and effects of the transaction will not be realized – the CFT tender offer is subject to various approvals and the fulfillment of certain conditions and there can be no assurance that any such approvals will be obtained and/or any such conditions will be met - the tender offer could be modified, restructured or terminated; and other risks and uncertainties detailed from time to time in ATS' filings with Canadian provincial securities regulators, including ATS' most recent quarterly earnings press release and MD&A and ATS' Annual Report and Annual Information Form for the fiscal year ended March 31, 2020. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and 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", "adjusted earnings from operations" and "adjusted basic earnings per share". 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 and right-of-use assets). 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. 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. Adjusted basic earnings per share is defined as adjusted net income on a per share basis, where adjusted net income is defined as adjusted earnings from operations less net finance costs and income tax expense, plus tax effects of adjustment items. Management believes that adjusted earnings from operations and adjusted basic earnings per share 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' ongoing operating performance. Management believes that ATS shareholders and potential investors in ATS use these non-IFRS financial measures in making investment decisions and measuring operational results.

Quarterly Highlights

- **Strong business performance** despite Covid-19 challenges
- **Record Order Bookings (up 18% y/y) & healthy Order Backlog** provide good revenue visibility
- **Revenues up 1% y/y (10% sequentially)** driven by Services, strong showing from Life Science, Consumer Products, and Energy verticals
- **Adj. Operating Margin (11.8%) up 164 bps y/y** driven by improved cost structure, program execution, and ABM
- **Substantially completed European Transportation reorganization** announced last quarter
- **Announced intention to pursue tender offer to acquire CFT Group**, a global supplier of food & beverage equipment

Q3 F2021 Financial Results

(C\$ mm, except per share data)

	Q3 F2021	Q3 F2020	Y/Y Change	Y/Y Change (%)
Revenues	\$ 369.7	\$ 367.2	\$ 2.5	0.7%
Earnings from operations	\$ 32.3	\$ 10.4	\$ 21.9	210.6%
Adjusted earnings from operations ¹	\$ 43.8	\$ 37.5	\$ 6.3	16.8%
EBITDA ¹	\$ 49.7	\$ 26.8	\$ 22.9	85.4%
Net income	\$ 18.9	\$ 4.1	\$ 14.8	361.0%
Adjusted basic earnings per share ¹	\$ 0.30	\$ 0.26	\$ 0.04	15.4%
Basic and diluted earnings per share	\$ 0.20	\$ 0.04	\$ 0.16	400%

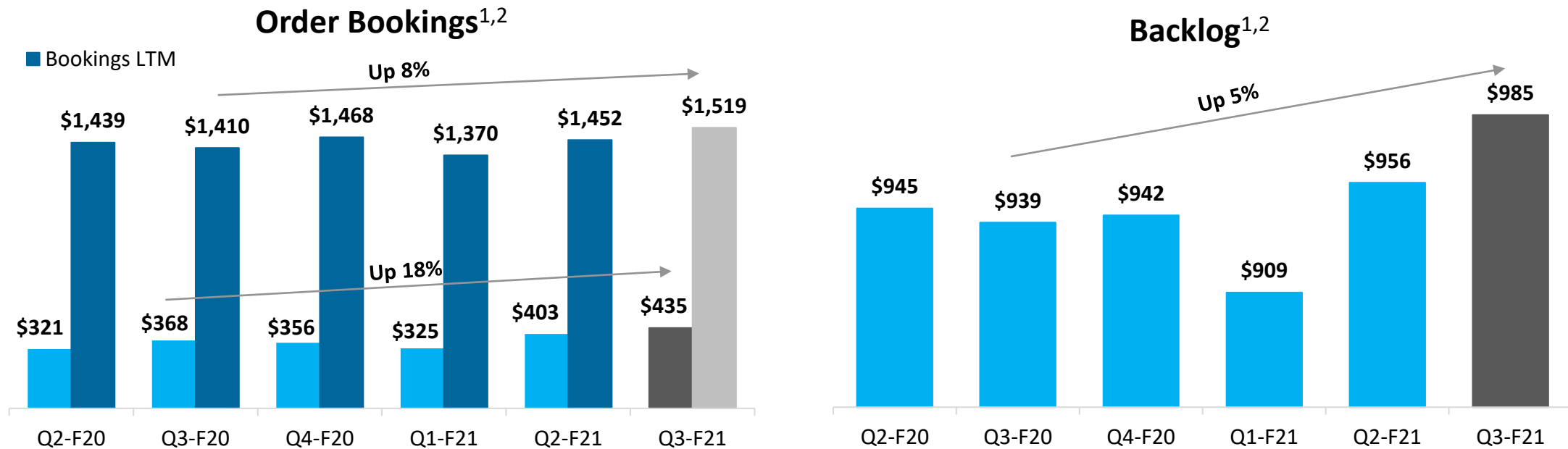
Revenue Growth:

Organic	(3)%
Acquisitions	2%
FX Trans.	2%
Total	1%

- Revenues up 1% y/y (up 10% sequentially) on strength in Services, Life Sciences, Consumer Products, and Energy
- Adjusted operating margin up 164 bps y/y driven by improved cost structure, program execution and ABM

1. See "Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures"

Order Bookings & Backlog

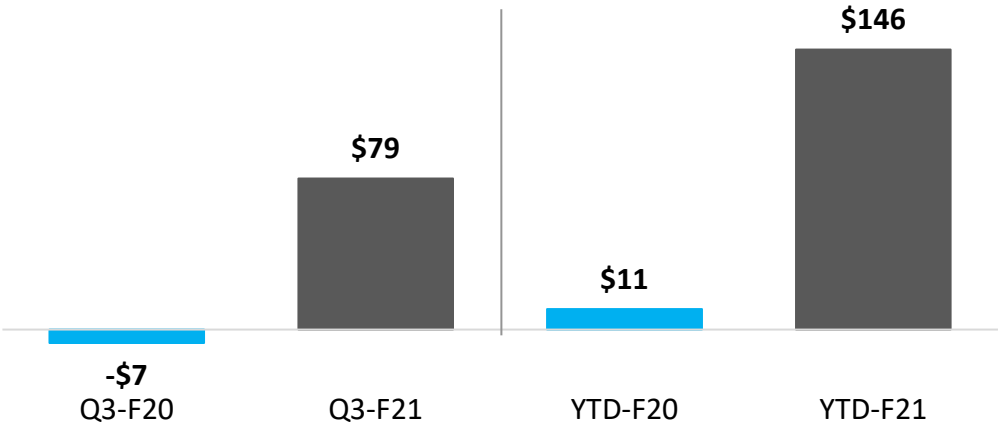


- Strong bookings in Life Sciences, Consumer Products and Energy
- Book-to-bill of 1.18x
- Notable project wins include first US nuclear award in decommissioning, large warehouse automation award, Covid-19 test assay award

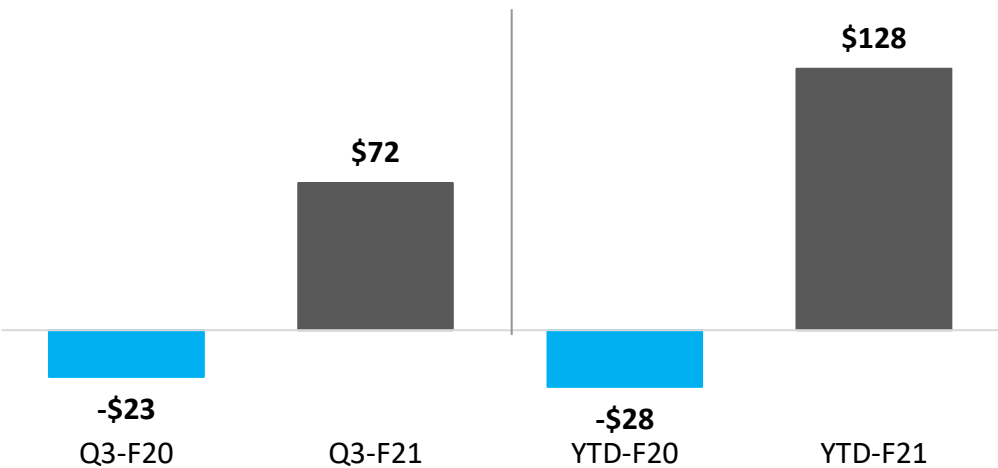
1. See "Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures"; 2. Order Bookings & Backlog in C\$ mm

Cash Flow Generation

Cash Flow from Operations²

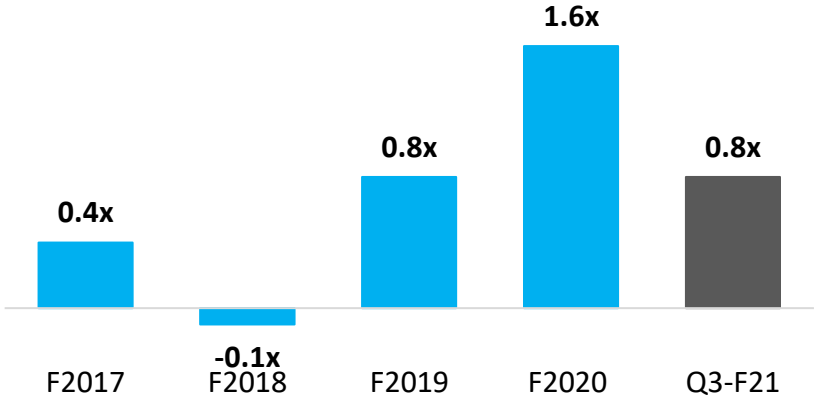


Free Cash Flow^{1,2}



- Quarterly CFO benefited from lower WC investment & higher profitability
- Healthy YTD FCF generation of \$128mm driven by capex normalization, lower WC
- Leverage of 0.8x below target of 2.0x to 2.5x

Net Debt to Adj. EBITDA¹



1. See "Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures"; 2. Cash Flow from Operation & Free Cash Flow in C\$ mm

Summary

- Record Order Bookings and healthy Order Backlog
- Continued focus on margin expansion and deployment of ABM
- Sequential improvement in Services driven by regional support networks and digital offerings
- CFT voluntary tender offer process started on Dec 7 – platform acquisition in Food & Beverage vertical
- Expect Order Backlog to Revenue conversion in 35-40% range in Q4-F21
- US\$350mm Senior Note financing effective Q4-F21

Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

Notice to reader: Non-IFRS measures and additional IFRS measures

Throughout this presentation management uses certain non-IFRS measures to evaluate the performance of the Company. The terms “operating margin”, “EBITDA”, “adjusted net income”, “adjusted earnings from operations”, “adjusted basic earnings per share”, “non-cash working capital”, “Order Bookings” and “Order Backlog” do not have any standardized meaning prescribed within IFRS and therefore may not be comparable to similar measures presented by other companies. Such measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. In addition, management uses “earnings from operations”, which is an additional IFRS measure, to evaluate the performance of the Company. Earnings from operations is presented on the Company’s consolidated statements of income as net income 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 and right-of-use assets). Adjusted earnings from operations is defined as earnings from operations before items excluded from management’s internal analysis of operating results, such as amortization expense of acquisition-related intangible assets, acquisition-related transaction and integration costs, restructuring charges, and certain other adjustments which would be non-recurring in nature (“adjustment items”). Adjusted basic earnings per share is defined as adjusted net income on a basic per share basis, where adjusted net income is defined as adjusted earnings from operations less net finance costs and income tax expense, plus tax effects of adjustment items. Non-cash working capital is defined as the sum of accounts receivable, contract assets, inventories, deposits, prepaids and other assets, less accounts payable, accrued liabilities, provisions and contract liabilities. 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 that earnings from operations is an important indicator in measuring the performance of the Company’s operations on a pre-tax basis and without consideration as to how the Company finances its operations. Management believes that EBITDA is an important indicator of the Company’s ability to generate operating cash flows to fund continued investment in its operations. Management believes that adjusted earnings from operations and adjusted basic earnings per share (including adjusted net income) are important measures to increase comparability of performance between periods. The adjustment items used by management to arrive at these metrics are not considered to be indicative of the business’ ongoing operating performance. Management uses the measure non-cash working capital as a percentage of revenues to evaluate the Company’s management of its investment in non-cash working capital. Management calculates non-cash working capital as a percentage of revenues using period-end non-cash working capital divided by trailing two fiscal quarter revenues annualized. Order Bookings provide an indication of the Company’s ability to secure new orders for work during a specified period, while Order Backlog provides a measure of the value of Order Bookings that have not been completed at a specified point in time. Both Order Bookings and Order Backlog are indicators of future revenues the Company expects to generate based on contracts that management believes to be firm. Management believes that ATS shareholders and potential investors in ATS use these additional IFRS measures and non-IFRS financial measures in making investment decisions and measuring operational results.

A reconciliation of Order Bookings and Order Backlog to total Company revenues are contained in this presentation. A reconciliation of (i) earnings from operations and EBITDA to net income, and (ii) adjusted earnings from operations to earnings from operations, in each case is contained in this presentation.

Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

(C\$ mm)	F2017	F2018	F2019	F2020	YTD F2021
Adjusted EBITDA	111.7	133.3	161.9	195.1	141.8
Restructuring charges	2.3	11.2	-	26.6	14.3
Share purchase allowance	2.9	-	-	-	-
Gain on sale of facility	-	-	-	-	(5.3)
Acquisition-related transaction costs	-	-	4.7	1.5	2.5
EBITDA	106.5	122.1	157.2	167.0	130.3
Less: depreciation and amortization expense	34.6	36.6	42.4	71.4	53.5
Earnings from operations	71.9	85.5	114.8	95.6	76.8
Less: net finance costs	25.6	23.8	20.9	28.1	23.5
Less: provision for income taxes	11.3	14.5	23.1	14.6	13.0
Net income	35.0	47.2	70.8	52.9	40.3

(C\$ mm)	Q2 F20	Q3 F20	Q4 F20	Q1 F21	Q2 F21	Q3 F21
Opening Order Backlog	982	945	939	942	909	956
Revenues	(341)	(367)	(382)	(325)	(336)	(370)
Order Bookings	321	368	356	325	403	435
Order Backlog Adjustments	(17)	(7)	29	(33)	(20)	(36)
Ending Order Backlog	945	939	942	909	956	985

(C\$)	Q3 F2020	Q3 F2021
Basic earnings per share	0.04	0.20
Restructuring charges	0.21	0.07
Acquisition-related transaction costs	0.01	0.03
Gain on sale of building	-	(0.06)
Amortization of acquisition-related intangible assets	0.08	0.10
	0.34	0.34
Less: adjustment to provision for income taxes	0.08	0.04
Adjusted basic earnings per share	0.26	0.30

(C\$ mm)	F2017	F2018	F2019	F2020	Q3 F2021
Cash and cash equivalents	286.7	330.2	224.5	358.6	224.5
Bank indebtedness	(1.4)	(2.7)	(2.0)	(4.6)	(1.2)
Current portion of long-term debt	(1.3)	(0.4)	(18.6)	(0.1)	(0.1)
Long-term debt	(326.0)	(315.1)	(328.2)	(598.0)	(316.0)
Net cash (debt) prior to IFRS 16	(42.0)	12.0	(124.2)	(244.1)	(92.8)
Lease liabilities	-	-	-	(62.9)	(54.3)
Net cash (debt)	(42.0)	12.0	(124.2)	(307.0)	(147.1)

Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

(C\$ mm)	Q3 F2020	Q3 F2021
Adjusted earnings from operations	37.5	43.8
Restructuring charges	18.8	6.2
Acquisition-related transaction costs	1.4	2.5
Gain on sale of building	-	(5.3)
Amortization of acquisition-related intangible assets	6.9	8.1
Earnings from operations	10.4	32.3
Less: net finance costs	6.5	7.3
Less: provision for income taxes	(0.2)	6.1
Net income	4.1	18.9

(C\$ mm)	F2017	F2018	F2019	F2020	Q3 F2021
Net Debt	(42.0)	12.0	(124.2)	(307.0)	(147.1)
Adjusted EBITDA	111.7	133.3	161.9	195.1	147.8
Historical Leverage (Net Debt/Adj. EBITDA)	0.4x	-0.1x	0.8x	1.6x	0.8x

(C\$ mm)	Q3 F2020	Q3 F2021		YTD F2020	YTD F2021
Cash flows provided by operating activities	(7.0)	78.9		10.6	146.2
Acquisition of property, plant and equipment	(13.7)	(5.1)		(30.2)	(11.1)
Acquisition of intangible assets	(2.0)	(1.9)		(8.0)	(7.4)
Free Cash Flow	(22.7)	71.9		(27.6)	127.7