

# Building *THROUGH PEOPLE, PROCESS & PERFORMANCE* Value



ATS AUTOMATION – 2018 INVESTOR DAY - TSX:ATA

# SONYA MEHAN

Director, Investor Relations & Corporate  
Communications



# ATS Investor Day – Agenda - September 18, 2018



| Time     | Topic                              | Presenter                            |
|----------|------------------------------------|--------------------------------------|
| 9:30 am  | Registration                       |                                      |
| 10:30 am | Welcome                            | Sonya Mehan, Director IR & Corp Comm |
| 10:35 am | Corporate Strategy                 | Andrew Hider, CEO                    |
| 11:00 am | Life Sciences                      | Chris Hart, President, Life Sciences |
| 11:30 am | Services                           | Simon Roberts, SVP Services          |
| 11:50 am | ATS Business Model (ABM)           | Jeremy Patten, Global Director, ABM  |
| 12:10 pm | Lunch                              |                                      |
| 12:45pm  | Customer View: Insulet Corporation | Chuck Alpuche, EVP, COO              |
| 1:05 pm  | Financial Overview                 | Maria Perrella, CFO                  |
| 1:15 pm  | Q&A                                | All presenters                       |
| 1:35 pm  | Facility tour                      |                                      |
| 3:00 pm  | Bus departs Cambridge for Toronto  |                                      |

# Forward-Looking Statements



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, the ATS strategy, the ATS Business Model and anticipated benefits related thereto, expected growth and growth opportunities, opportunities to differentiate ATS in the market, pivoting the transportation business to EV, innovation, M&A, the KMW acquisition and the impact thereof, the ATS services offering and market approach, emerging digital opportunities, expectations regarding working capital and capex in F19, opportunities to drive improvement in respect of return on invested capital, margin expansion and related initiatives, financial resources to drive strategy, and capacity to increase leverage and drive capital efficiency. 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, foreign exchange rates, performance of the Canadian dollar, performance of the market sectors that ATS serves, adverse tax or regulatory changes or rulings, success and impact of the strategies and initiatives that ATS is implementing, risk that the KMW acquisition does not close, or is delayed, as a result of failure or delays in relation to satisfying conditions of closing or other unanticipated factors, risk that anticipated benefits from the KMW acquisition are not realized, risk that expectations regarding working capital, return on invested capital and margin expansion are not realized or are delayed due to unexpected events or failed initiatives, and risks and uncertainties detailed from time to time in ATS' filings with Canadian provincial securities regulators, including ATS' Annual Report and Annual Information Form for the fiscal year ended March 31, 2018. 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.

# ANDREW HIDER

Chief Executive Officer





Andrew Hider  
Chief Executive Officer



Maria Perrella  
Chief Financial  
Officer



Chris Hart  
President,  
Life Sciences

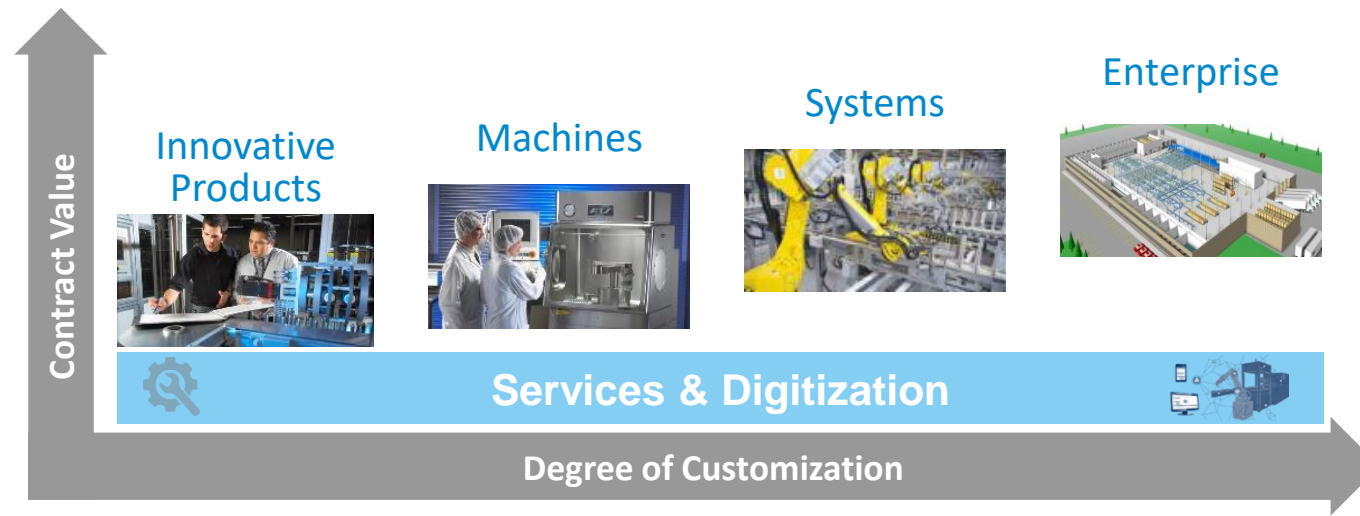


Simon Roberts  
Senior Vice President,  
After Sales Services



Jeremy Patten  
Global Director,  
ATS Business Model





## Pre-Automation

- Discovery & analysis
- Concept development

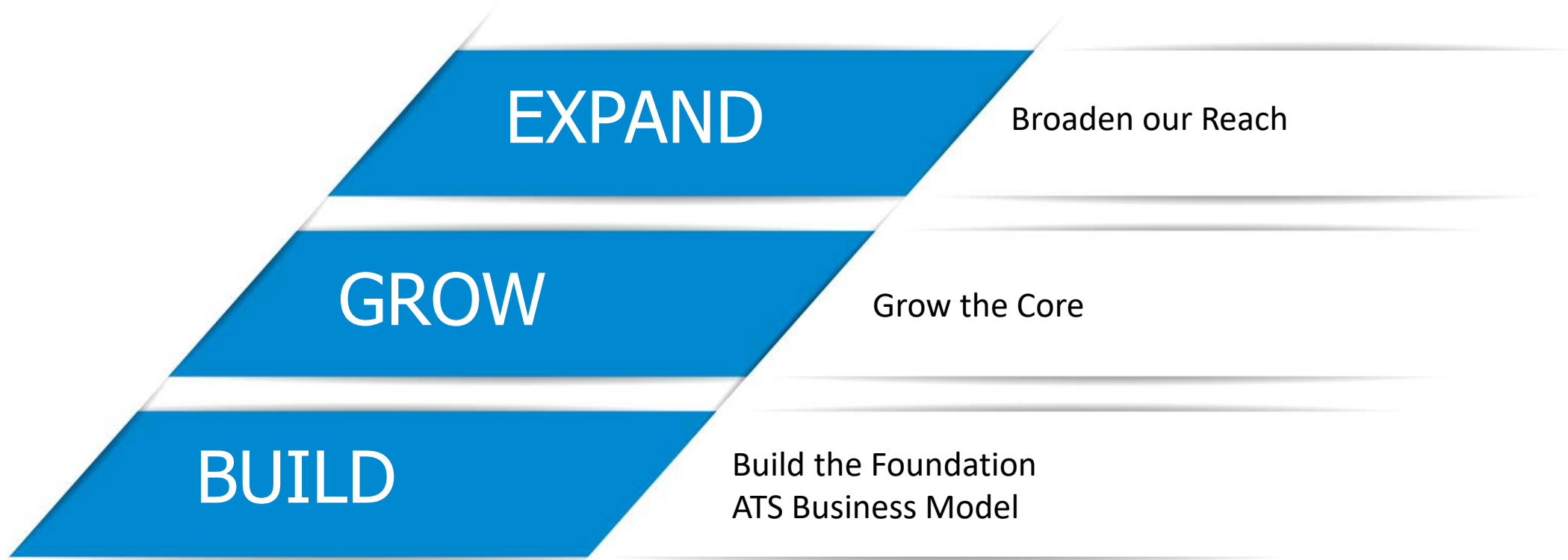
## Product / Automation/Integration

- Custom automation
- Machine build
- Automation products
- Process automation
- IT & MES integration

## Post-Automation

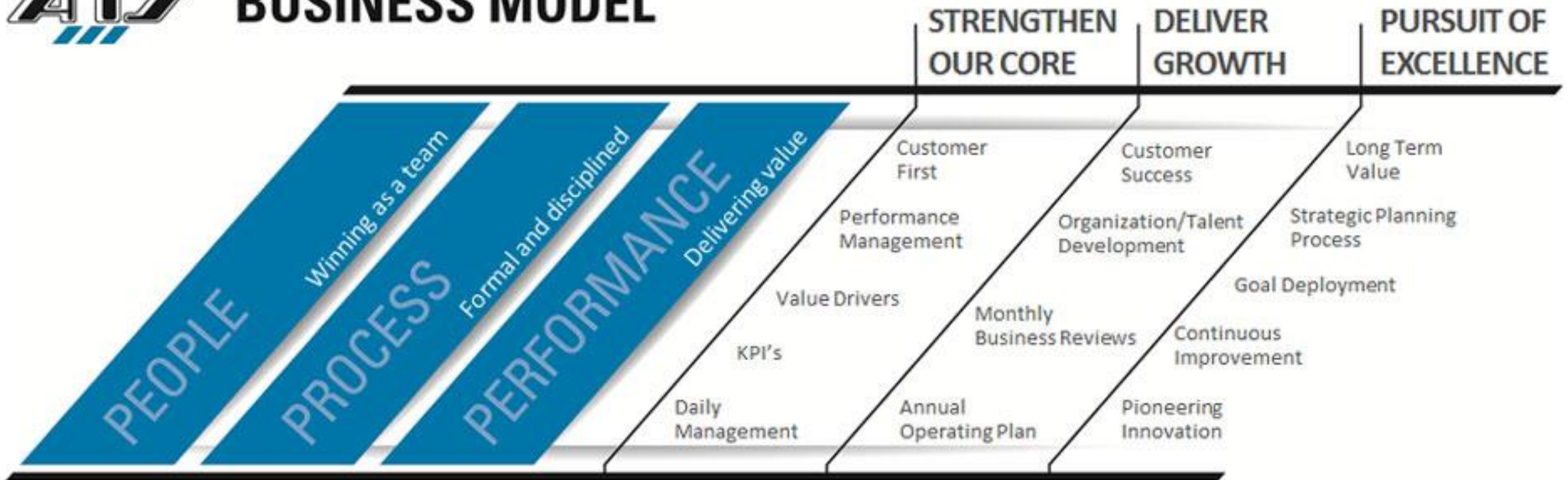
- Installation
- Commission
- Support & training
- Digitization / IIOT
- Lifecycle management





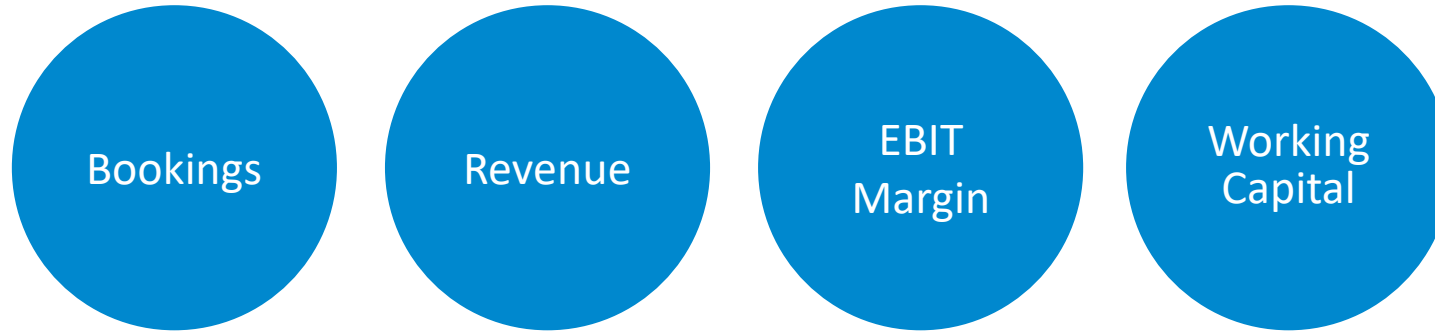


## BUSINESS MODEL



# The 8 Value Drivers

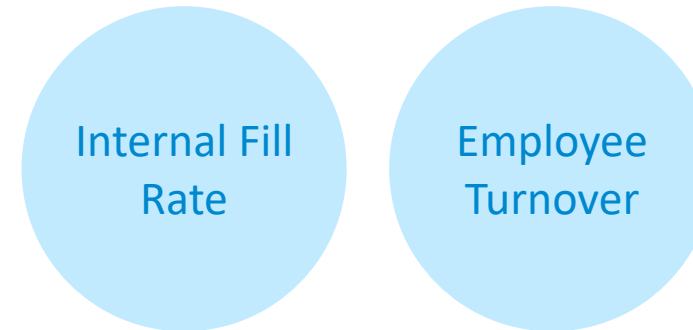
## Financial:



## Customer:



## People:



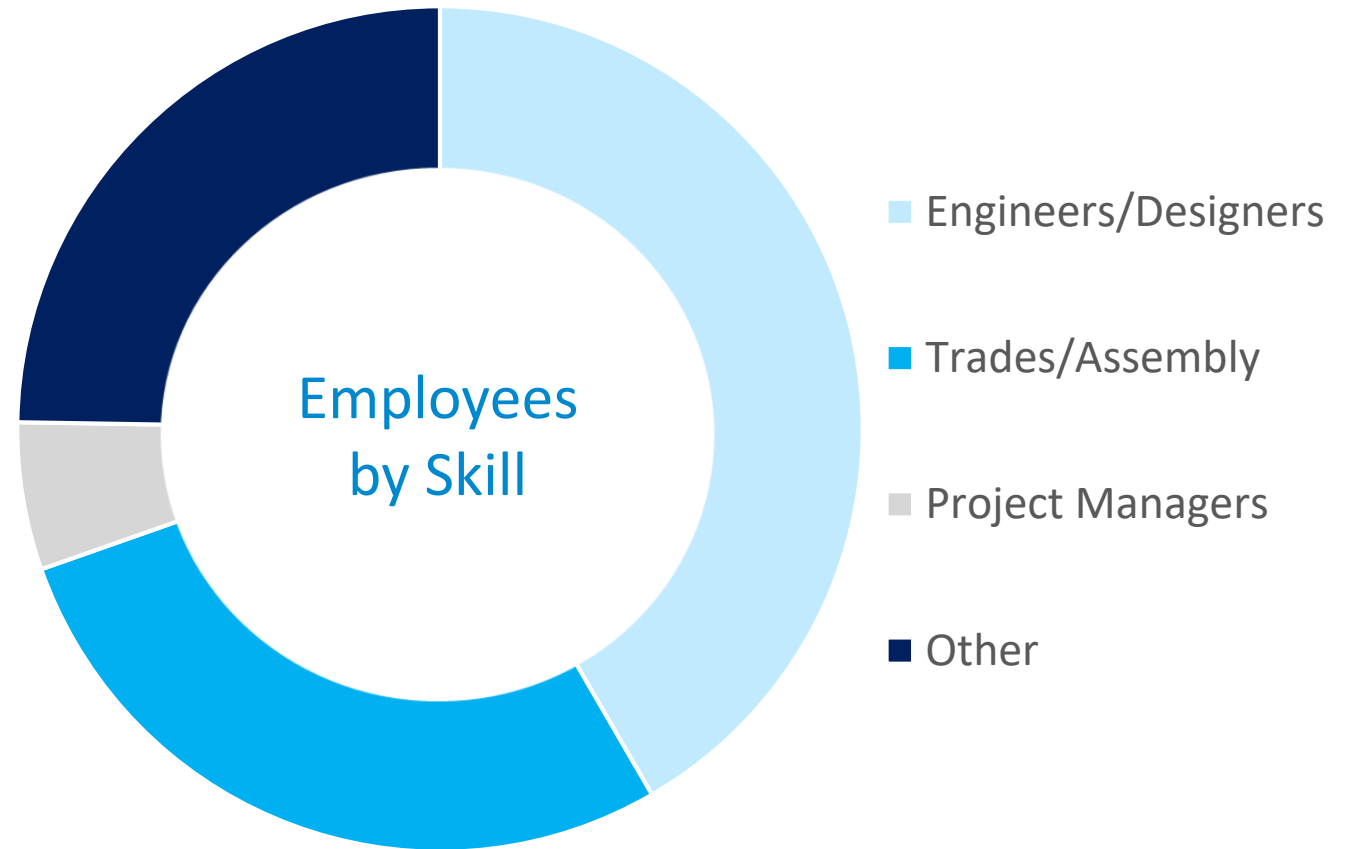
**Continuous Improvement**

Standardized performance measurement across all business units

## People are our number one asset.

Our winning culture enables employee:

- Engagement
- Ownership
- Accountability
- Development
- Retention
- Passion to succeed



|                        | Life Sciences  | Transportation   | Energy                        | Consumer & Electronics                 |
|------------------------|--|--|-------------------------------|--|
| Market Size            | \$10B  | \$11B  | \$16B                         | \$5B                                   |
| Applications           | Medical Devices<br>Biotechnology<br>Pharmaceuticals<br>Chemicals | EV/Hybrid<br>Drive/Transmission<br>Assembly<br>Pumps, Sensors,<br>Steering | Nuclear<br>Solar<br>Oil & Gas | Personal Care<br>Cosmetics<br>Durables |
| Brands                 | <br>   | <br>   | <br>                          | <br>                                   |
| F18 Revenues           | \$518M   | \$299M   | \$137M                        | \$161M                                 |
| Expected Market Growth | MSD  | LSD  | LSD                           | LSD/MSD                                |

Market Size is total automation market. Not all part of current ATJ addressable markets.

Sources: Industrial Automation Equipment HIS 2017; ARC 2016; VDW; Intechno; Markets and Markets 2015; BCC Research 2015; Gartner 2014; BCG; Company analysis

A global technology and automation solutions provider across diverse industrial markets

Strategic  
Growth  
Platforms

Life  
Sciences

Electric  
Vehicles

Services

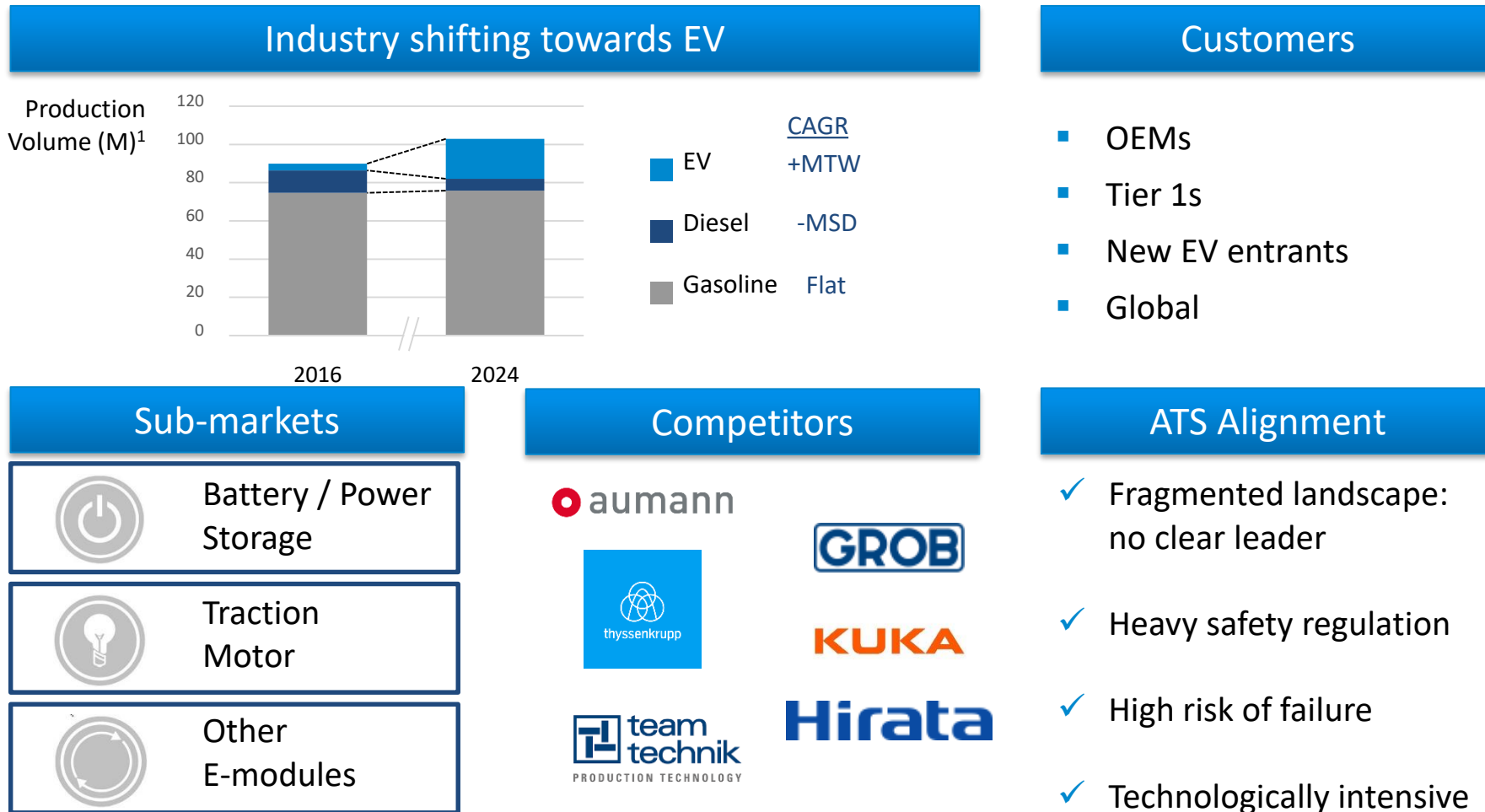
New  
Frontiers

Enablers

- **Innovation:** differentiated technologies / products
- **Digital growth:** IIOT, serialization, predictive maintenance, real-time optimization
- **Strategic M&A:** strengthen and expand portfolio
- **Margin Improvement:** standardization, supply chain, operational excellence, growth

All aligned around the ABM – at the core of everything we do

## Pivoting Transportation business to EV



<sup>1</sup> Source: BCG.  
EV includes Battery Electric Vehicles, Plug-in Hybrid Electric Vehicles, Hybrid Electric Vehicles; Mild Hybrid Vehicles



KMW is an established German provider of micro-assembly systems primarily for the automotive industry.

**Company Name:**

KMW Konstruktion, Maschinen & Werkzeugbau

**Key Financials:**

Revenues: ~14M Euro

EBITDA %: ~20%

**Established:**

1993

**Customers:**

International automotive (OEM & Tier 1)

**Competitors:**

Highly fragmented, mainly mid-size and other small regional firms

**Employees:**

68

**APPLICATION EXAMPLE – FULL AUTOMATION LINE**



|                       |                           |                       |                    |                 |
|-----------------------|---------------------------|-----------------------|--------------------|-----------------|
| <b>Micro assembly</b> | <b>In-process testing</b> | <b>Macro assembly</b> | <b>EOL testing</b> | <b>Shipping</b> |
|-----------------------|---------------------------|-----------------------|--------------------|-----------------|

approx. 20% of the total line



**Micro-assembly within EV:**

**Battery:**

- Cell Assembly and handling systems
- Stacking systems
- Cut & Binding on pouch cells

**E-Motor Assembly:**

- Subassemblies in Stator and Rotor-Assemblies

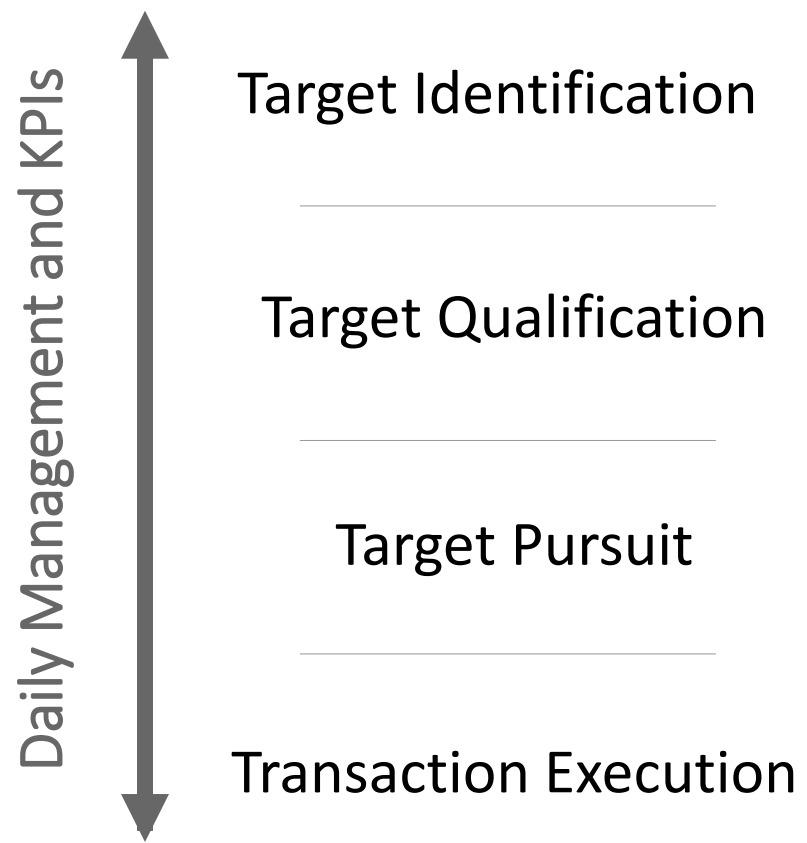
**Other E-Components:**

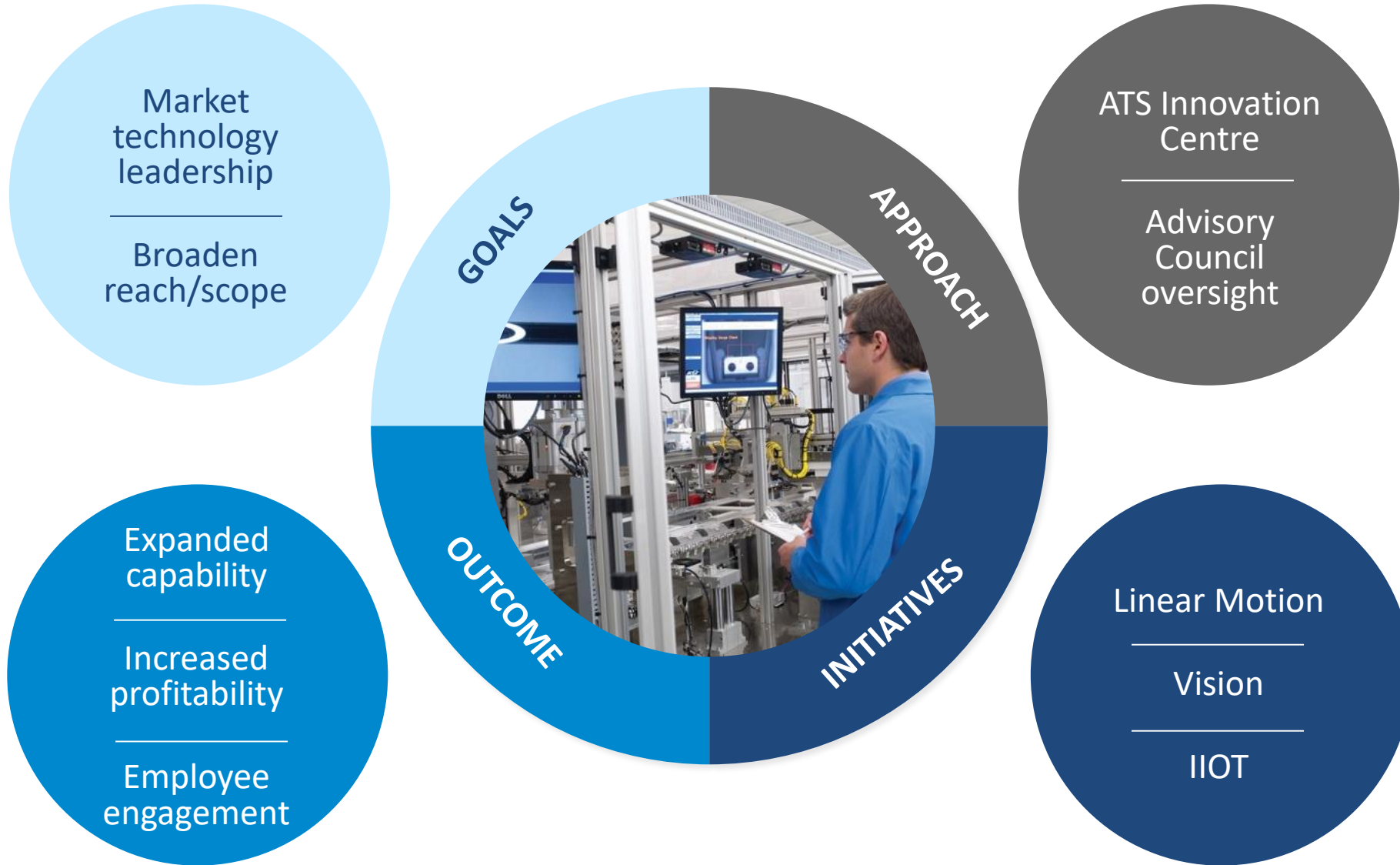
- Pump, Brake, Steering Assembly & Test Systems
- Transmission Subassemblies



## M&A Process

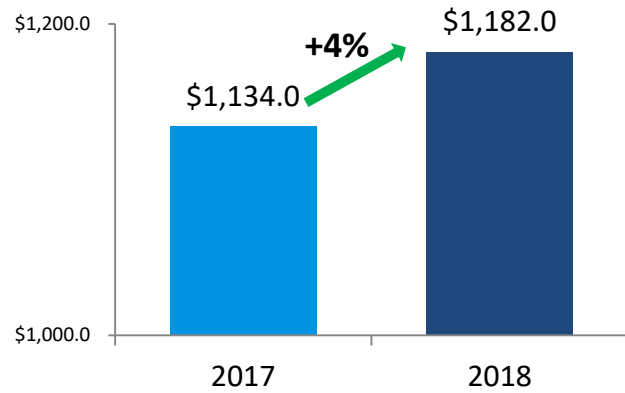
## Target Qualification:



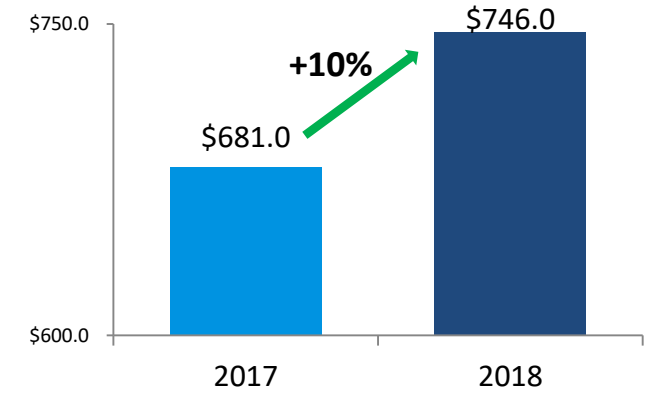


Innovation focused on expanding key capabilities

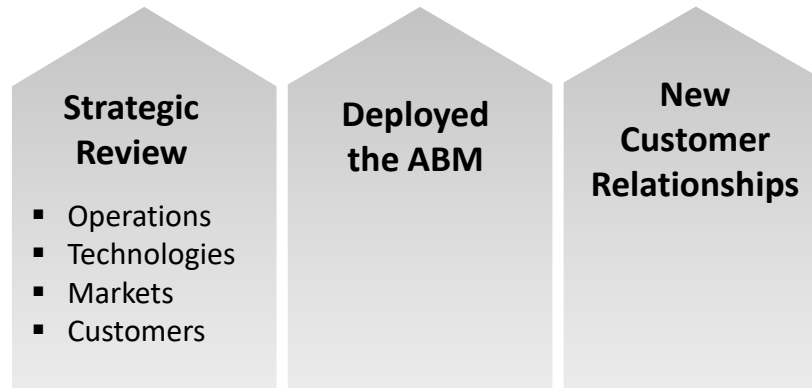
### Order Bookings\* YoY (C\$ millions)



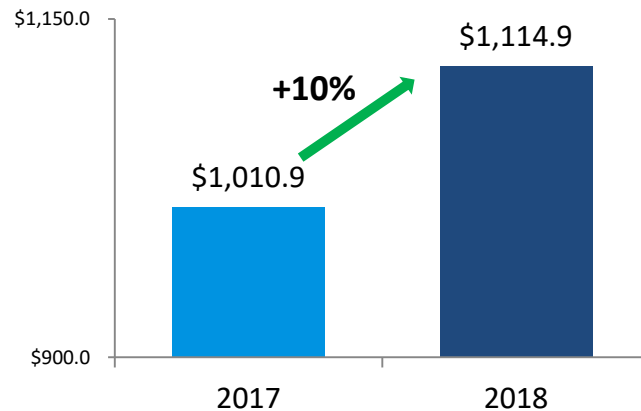
### Order Backlog\* YoY (C\$ millions)



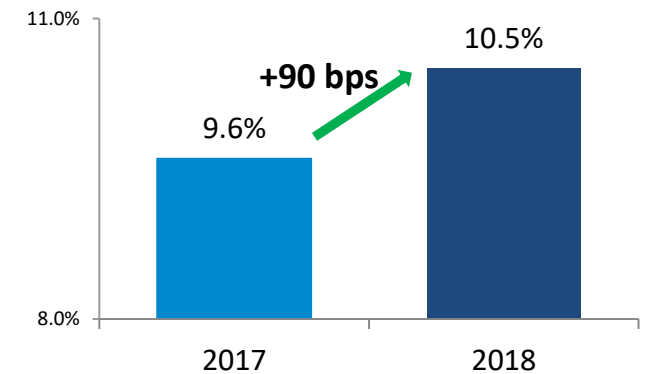
## Improved Financial Results



### Total Revenue YoY (C\$ millions)



### Adjusted EBIT Margin\* YoY



\*Non IFRS measures – see appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

# CHRIS HART

President, Life Sciences





Chris Hart  
President

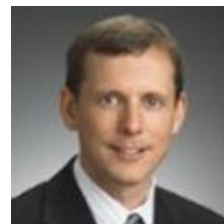
Tom Hayes  
VP Global Sales



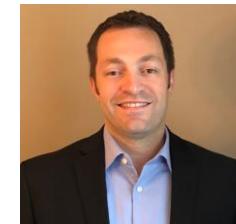
Mike Healy  
VP Applications &  
Systems Engineering



Ian Cameron  
Director Innovation



Simon Drexler  
Director Linear  
Mover Technology

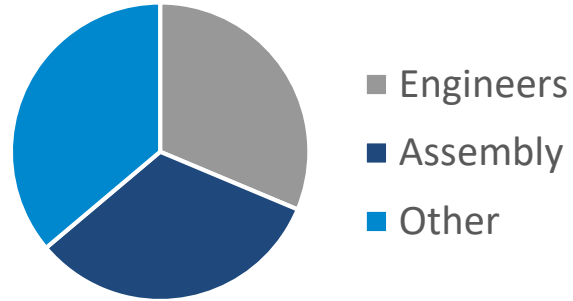


Blair de Verteuil  
VP Operations  
North America



## Capacity & Capability

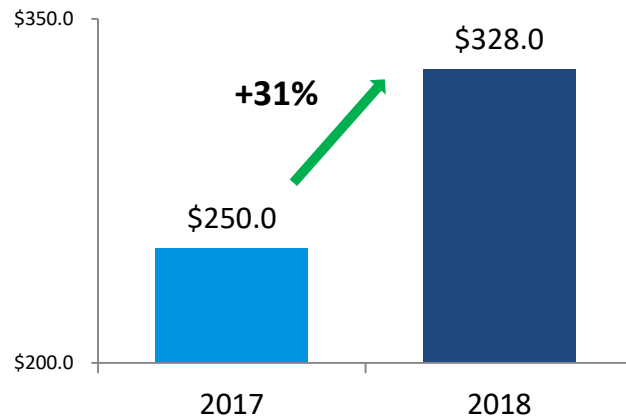
**EMPLOYEES: ~850**



## Global Facilities



## Revenue (C\$ millions)



- Cambridge Building 2, Canada
- Cambridge Building 3, Canada
- Chicago, USA
- Sankt Georgen, Germany
- Winnenden, Germany

Assembly Floor 425,000 sq ft (40,000 sq m)

Office 120,000 sq ft (11,000 sq m)

## Diabetes



Today **4,660** Americans will be diagnosed with **diabetes**.



Nearly **30 million** Americans have **diabetes**.



**86 million** Americans have **prediabetes**.



Long-Term Complications & Damage



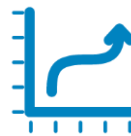
## COPD



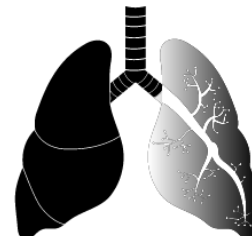
Affects **21.7 million** Americans.

**4**

The **fourth** leading cause of death, **112,000** deaths in 1998.



It is estimated that by **2020** COPD will be the **third** leading cause of death in the world.



## Aneurysm

**6**

Approx. **6 million** people in the US have a **brain aneurysm**.



**1 in 15** people will develop a **brain aneurysm**.



Most common in ages **35-60**, but can also occur in children.

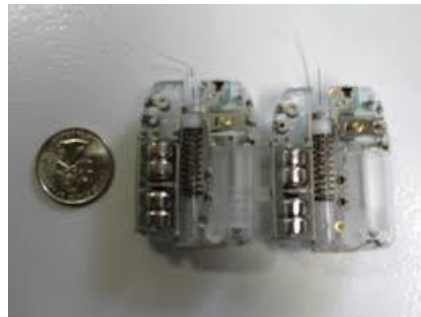


**Women**, more than men, suffer from brain aneurysms, at a ratio of **3-2**.



# The Treatment – The Devices

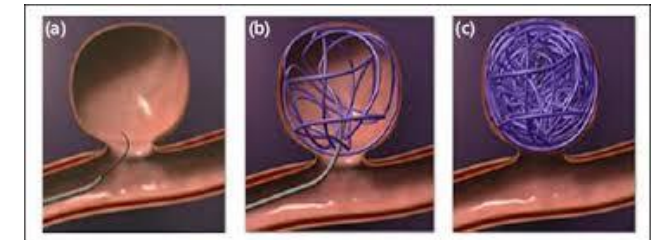
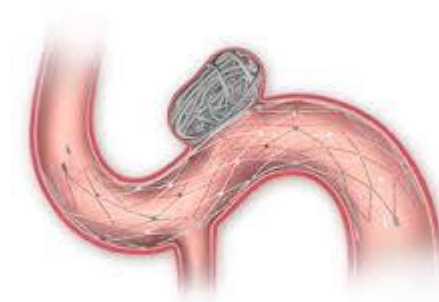
## Diabetes



## COPD

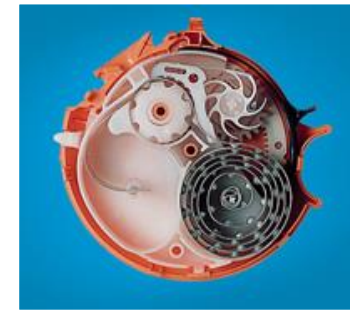


## Aneurysm





## Medical Devices

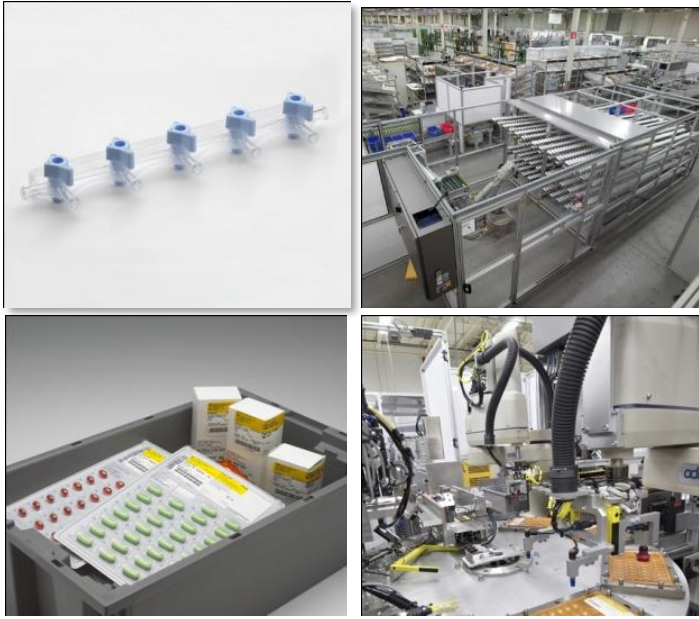


- High Volume Consumables
- Needle Sets & Assemblies
- Safety Catheters

- Auto Injectors
- Micro Needle/Needleless
- Specialized Infusion

- Metered Dose Inhalers
- Combination Devices
- Counters

## Pharmaceutical



- ASRS Systems
- Patient Order Fulfillment
- Data Management



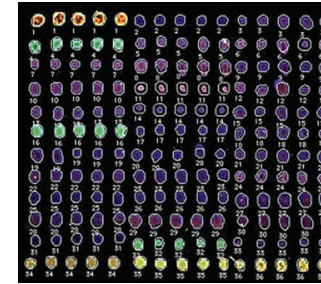
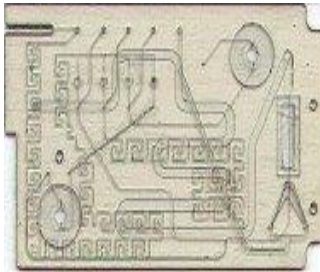
- Radiopharmaceutical
- Vaccine Production
- Transdermals

## Ophthalmic



- Contact Lenses
- Surgical Instruments
- Products/Solutions

## Diagnostic



- POC diagnostics
- Hand Held Diagnostics
- Load/Unload

- Lab Analysis
- Material Handling
- Marking and Traceability

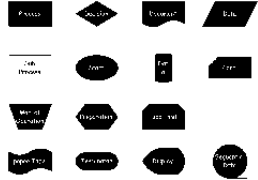
- Protein & Microfluidic Chips
- POC Biosensors
- DNA Microarrays

## High Barriers to Entry



### Regulated Environments

Increasing regulations, safety & compliance



### Complex Processes

Technologically intensive applications



### Quality Critical

High consequence of failure

## Secular Growth Drivers



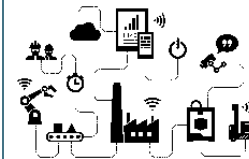
### Demographics / Environment

Higher incidences of certain ailments and development of new treatments & therapies



### Disposable products

Reduce spread of infectious diseases

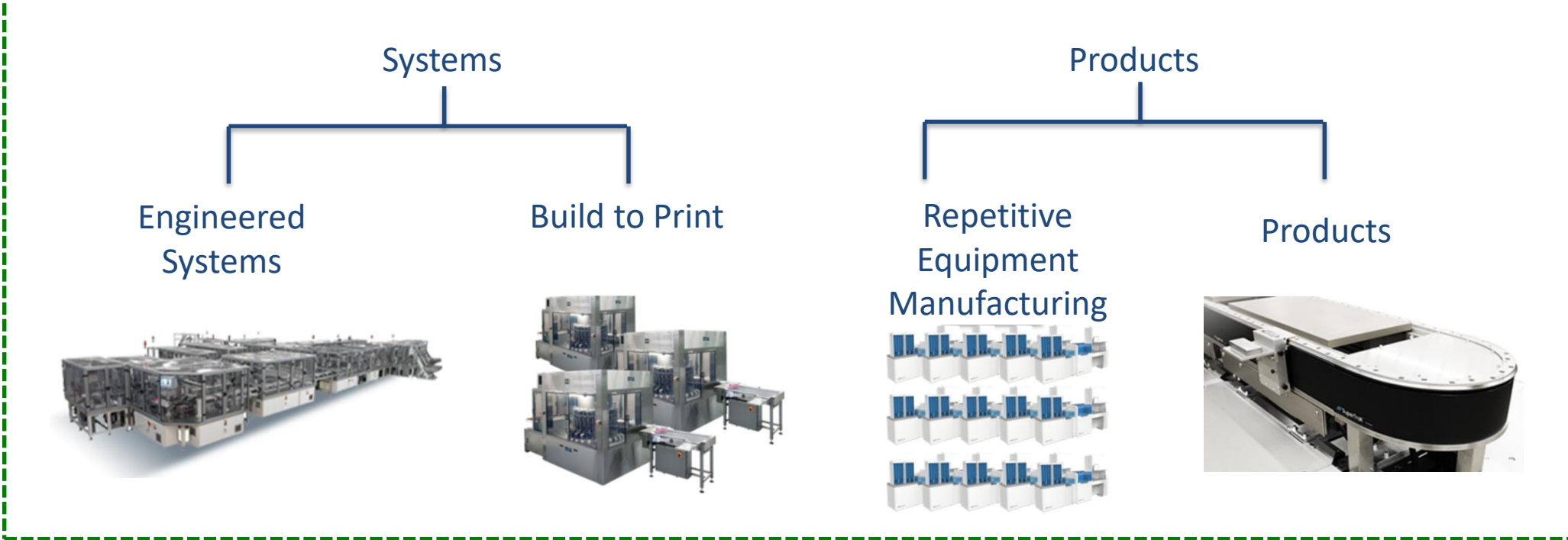


### Digitization, IIoT

Factory optimization, serialization

## "The Machine that Builds the Machine"

### INNOVATION & ATS BUSINESS MODEL (ABM)



### The Customer Experience

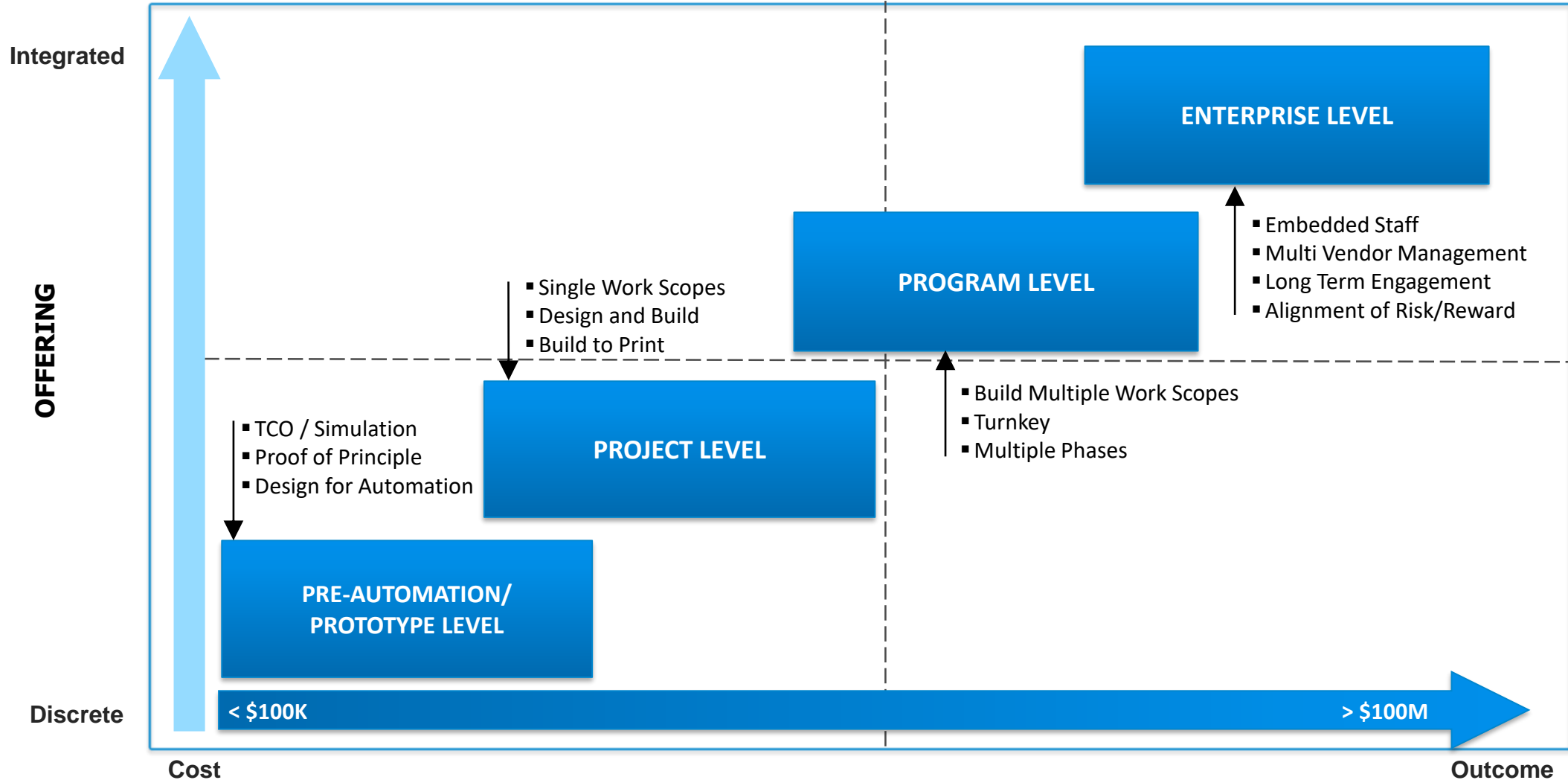


**Fundamentals, Consistency, Intensity**

# Customer Engagement Model



## INNOVATION & ATS BUSINESS MODEL (ABM)



## Fragmented competitor landscape: opportunity to increase ATS share

### Pre-Automation / Prototypes / Projects



### Projects / Programs



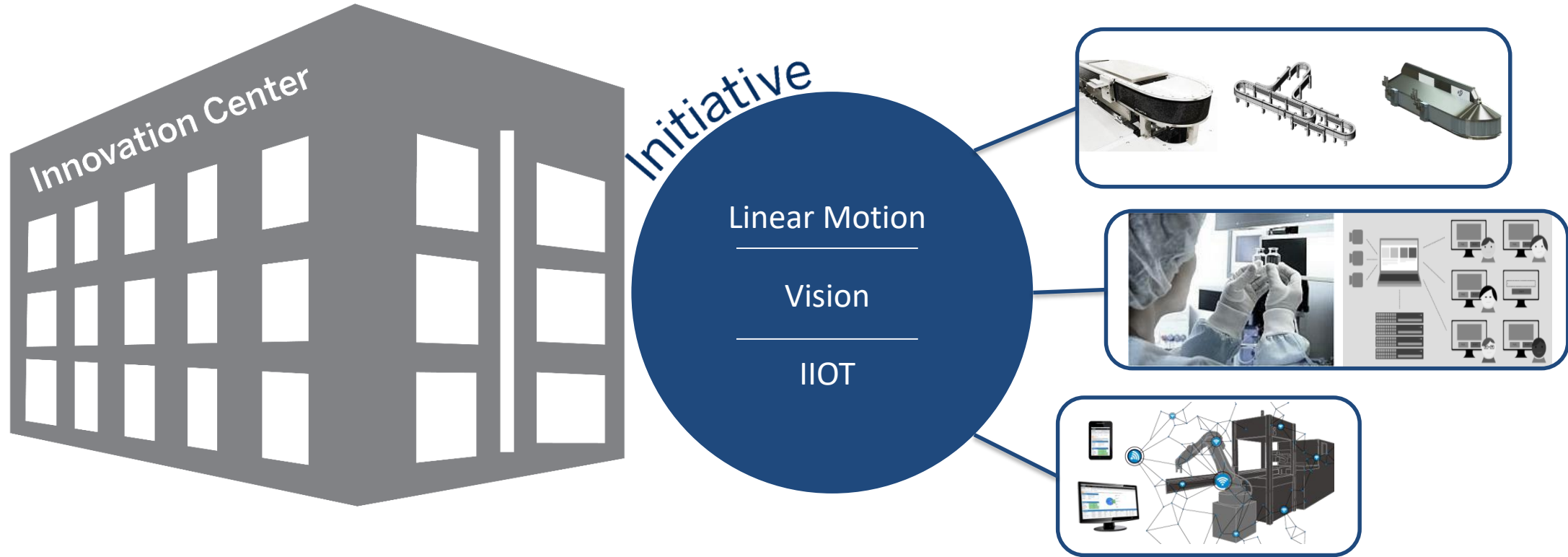
### Pharma



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### Programs / Enterprise





**Growth**  
Introduce New Products to New and Existing Markets

**Profit**  
Increase Profitability Through Purpose Built Innovations

**Services**  
Build Services Connectivity to Customers and Systems

**People**  
Enhance Employee Engagement By Supporting & Fostering Creativity

**Objectives**



## TOOLKIT

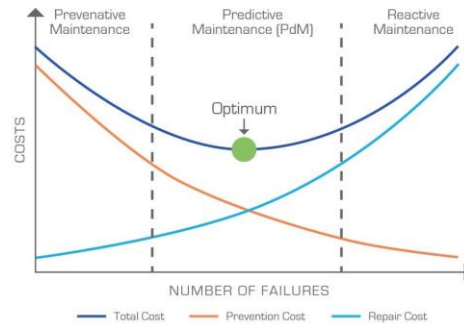
Manufacturing Intelligence

Equipment Agnostic\*

Remote Connectivity

Multi-Language

- ▶ Operator LED Assist
- ▶ Data Birth History
- ▶ OEE Metrics
- ▶ Quality & SPC
- ▶ Mobile and Overhead Marquee

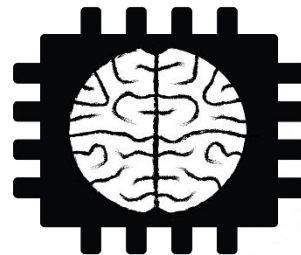


Preventative Maintenance

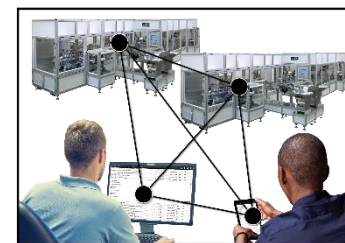


DeBug Camera Module

- ▶ Cycle Time Monitoring
- ▶ AIVs
- ▶ Notifications
- ▶ Spares Shopping
- ▶ Maintenance Manager



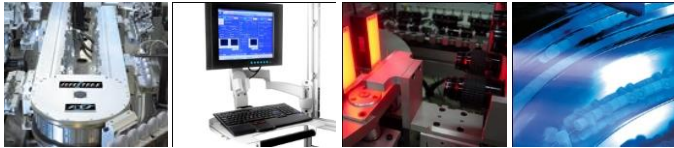
Big Data AI



Operator Knowledge Sharing

\*Compatible with any equipment; not just ATS'

## INDUSTRY LEADING TECHNOLOGY



## EXTENSIVE KNOWLEDGE BASE

23,000 Programs



## REAL RESULTS

- Higher Productivity & Efficiency
- Faster Time to Market
- Mitigated Risk
- Quality Solutions

## GLOBAL SCALE



3800 Employees

## PROVEN TURNKEY SOLUTIONS



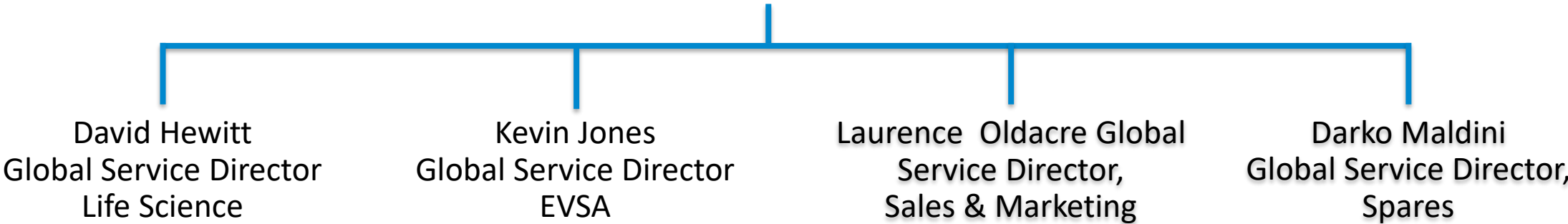
# SIMON ROBERTS

Senior Vice President,  
After Sales Services

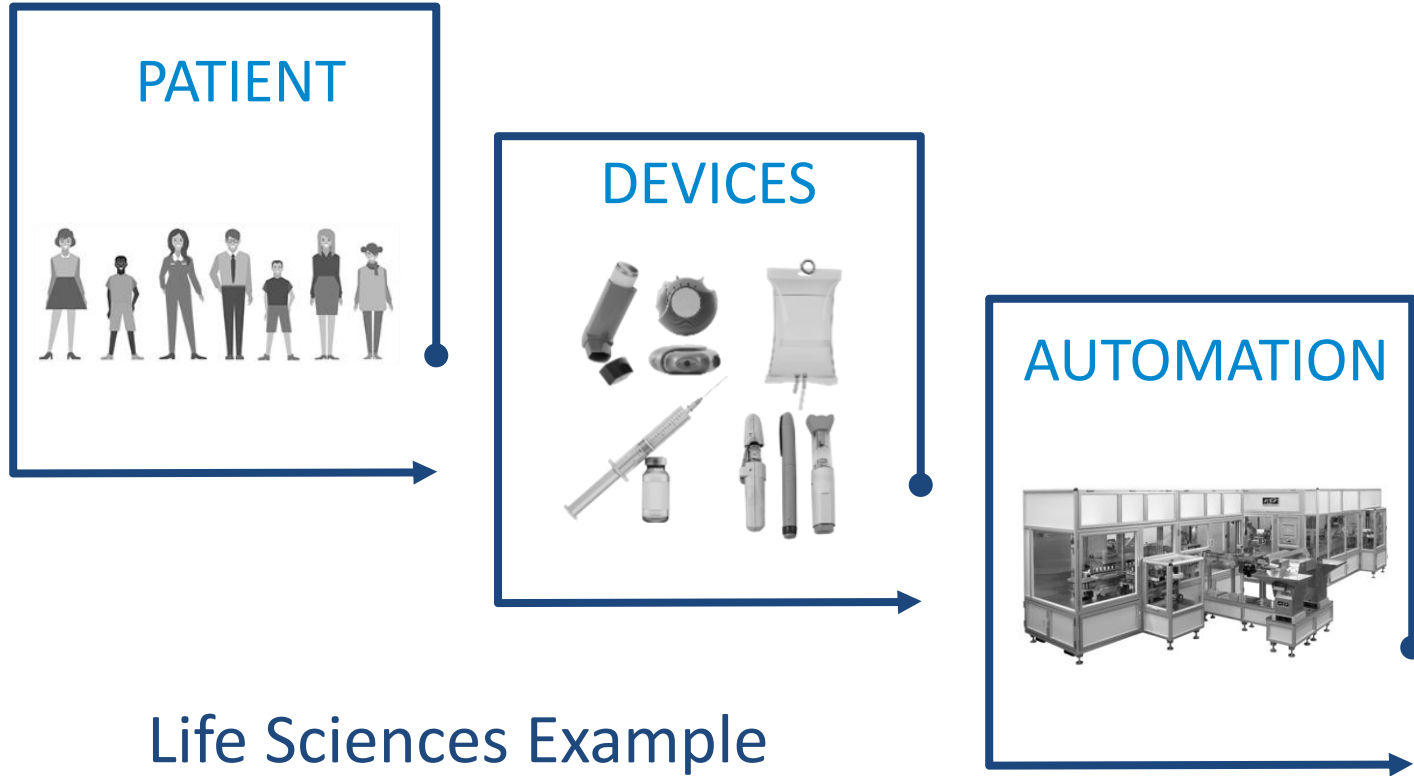




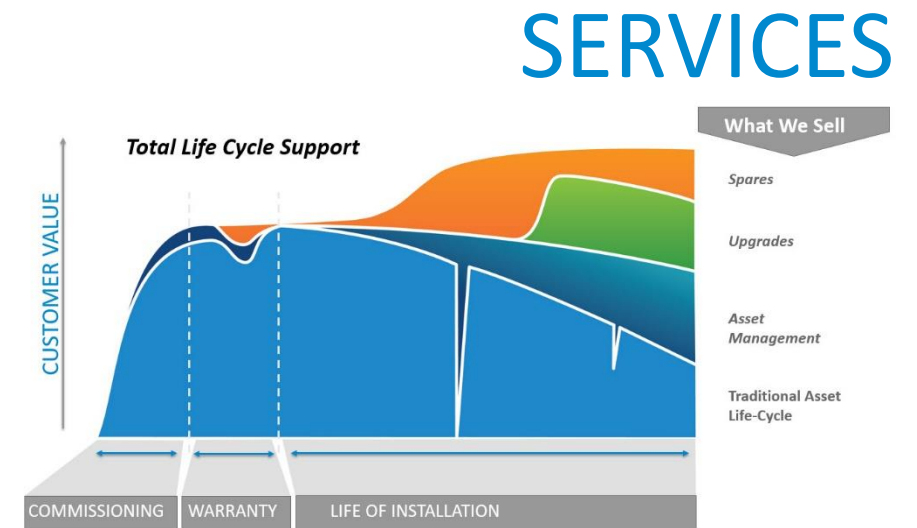
Simon Roberts  
SVP, After Sales Services



# Where Do Services Fit?



Life Sciences Example



## Customer Benefits

Higher productivity/output

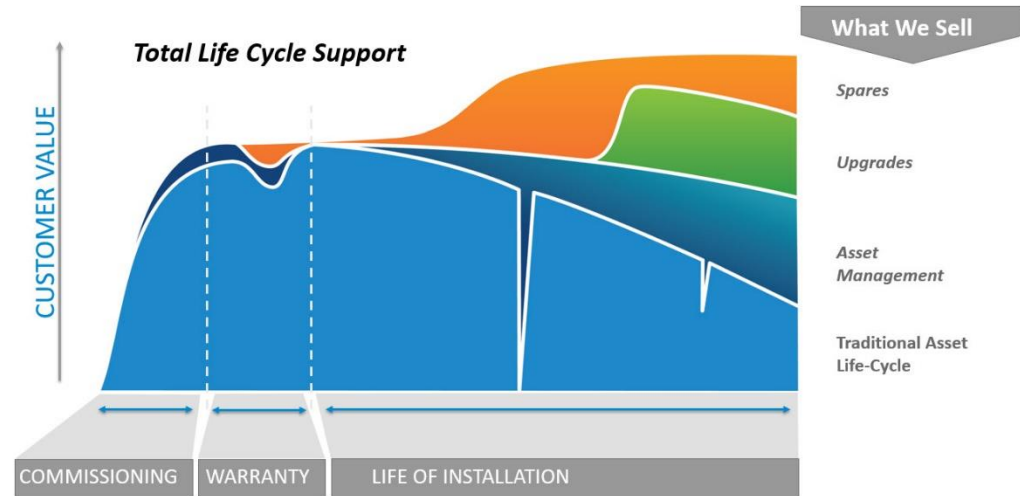
Lower cost of ownership

Longer useful life

Reduced lead time

Better risk management

Optimal resource planning



## Shareholder Benefits

Revenue Growth

Margin Expansion

Recurring Revenue

Customer Loyalty

Differentiation

More service, more value-add across equipment lifecycle

# Creating Value – Customer Example

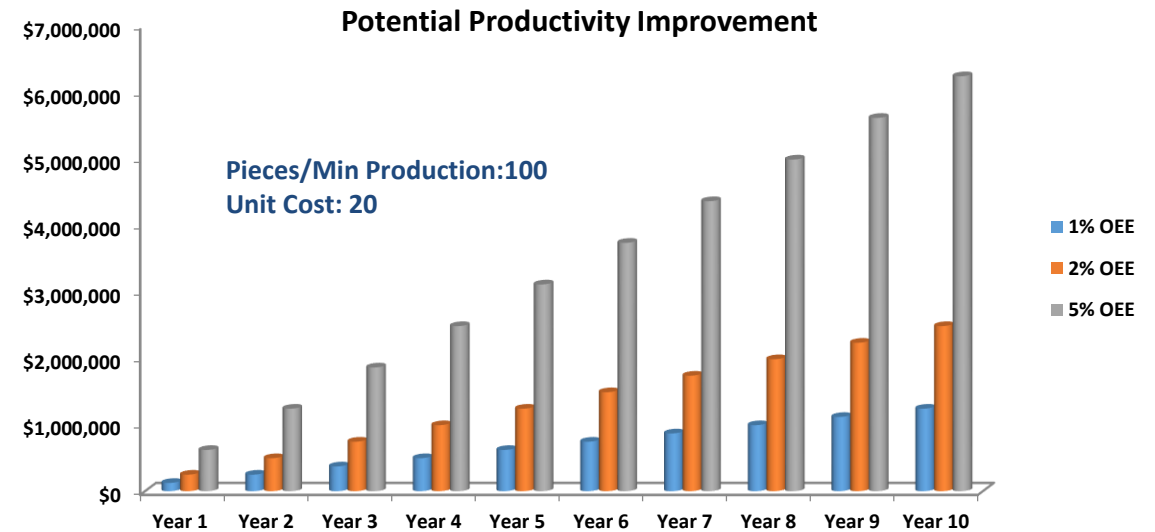


Automation System

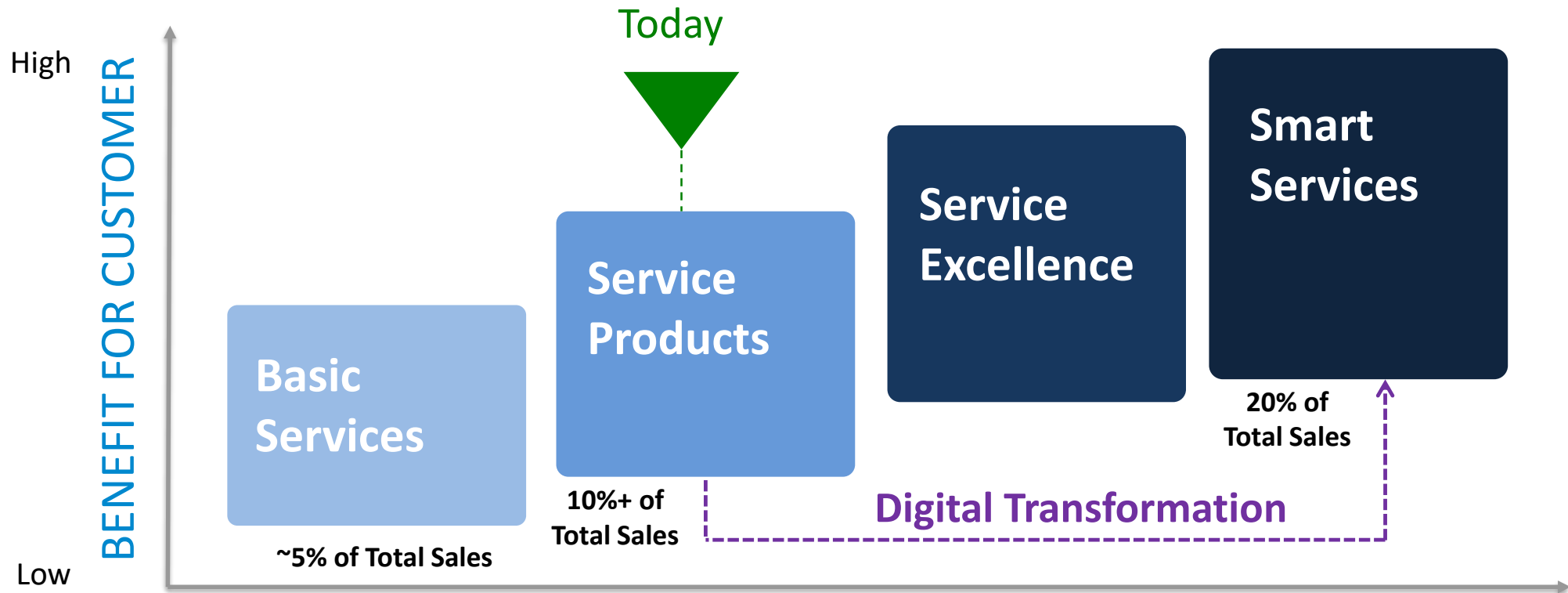


Product:  
Injector Pen Assy.

| System Life Cycle Support Services         | System Life Cycle Stages   |         |         |              |             |  |
|--|--|---------|---------|--------------|-------------|--|
|  | Pre Install  | Install | Ramp Up | Steady State | End of Life |  |
| Production Performance Assessment          | 🔵 🔴  |         |         | 🟡 🔵 🔴 🟢      | 🟡 🔵         |  |
| Spares Management                          | 🔵 🔴  |         | 🔵 🔴     | 🟡 🔵 🔴 🟢 🟡    | 🟢 🔵 🟡       |  |
| Planned Preventive Maintenance             | 🟡  |         | 🔴 🔵     | 🟡 🔵 🔴 🟢 🟡    | 🟡 🟡         |  |
| Training                                   |  | 🔵       | 🔵 🔵     | 🟡 🔵 🔴 🟢      | 🟡           |  |
| On-Site Support                            |  | 🔵 🔴     | 🔵 🔴     | 🟡 🔵 🔴 🟢      |             |  |
| Remote Support                             |  |         | 🟡 🔴     | 🟡 🔵 🔴 🟢      |             |  |
| Performance Monitoring & Health Management |  |         | 🔵       | 🟡 🔵 🔴 🟢 🟡    | 🟡 🔵         |  |
| System Upgrade & Retrofit                  |  |         |         | 🟡 🟡 🟢 🔵      | 🟡 🔵         |  |
| Integrated Support                         | <i>Comprehensive mix of services combined into a synergistic program</i> |         |         |              |             |  |



Strategic direction: from “Basic Services” to “Smart Services”



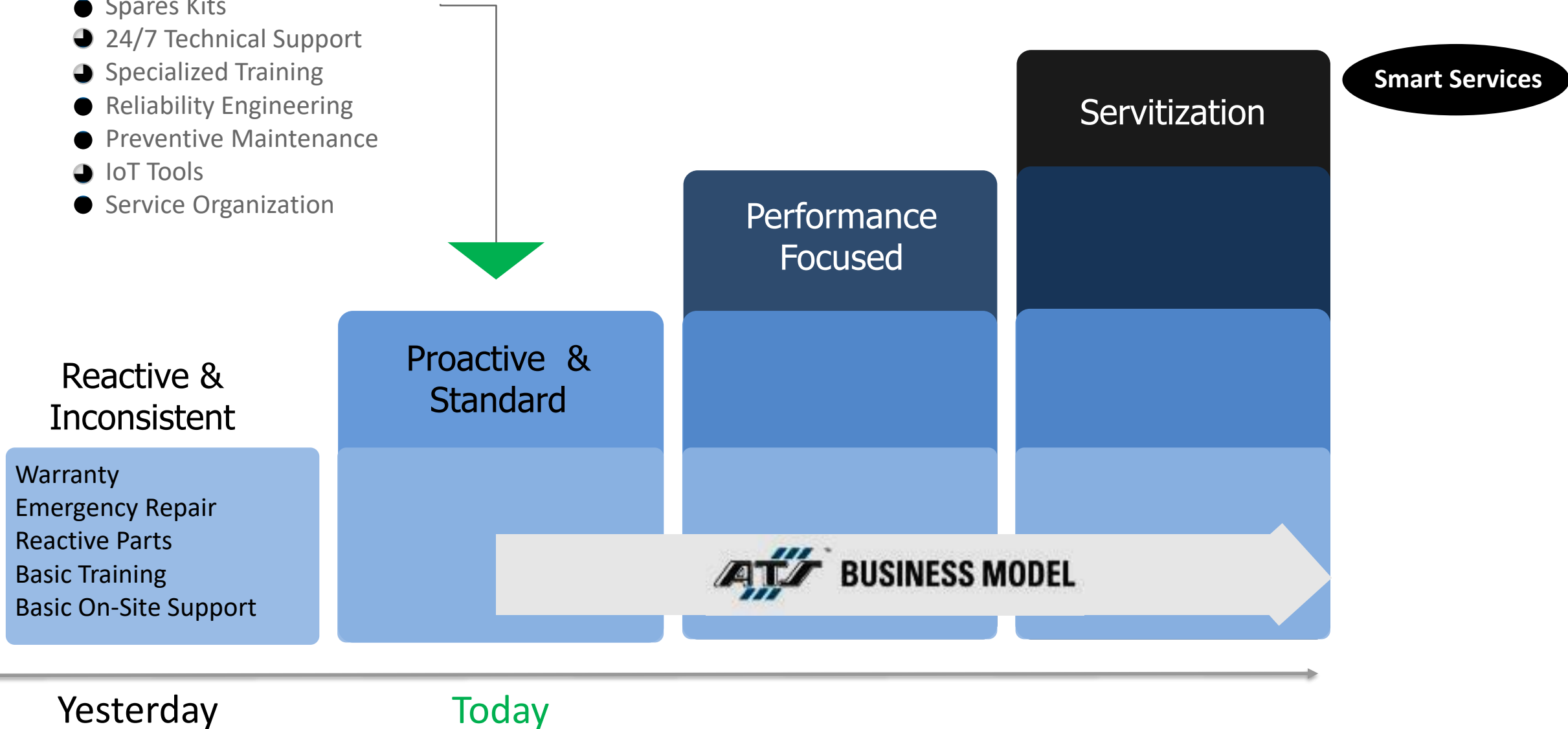
Develop and leverage emerging digital opportunities

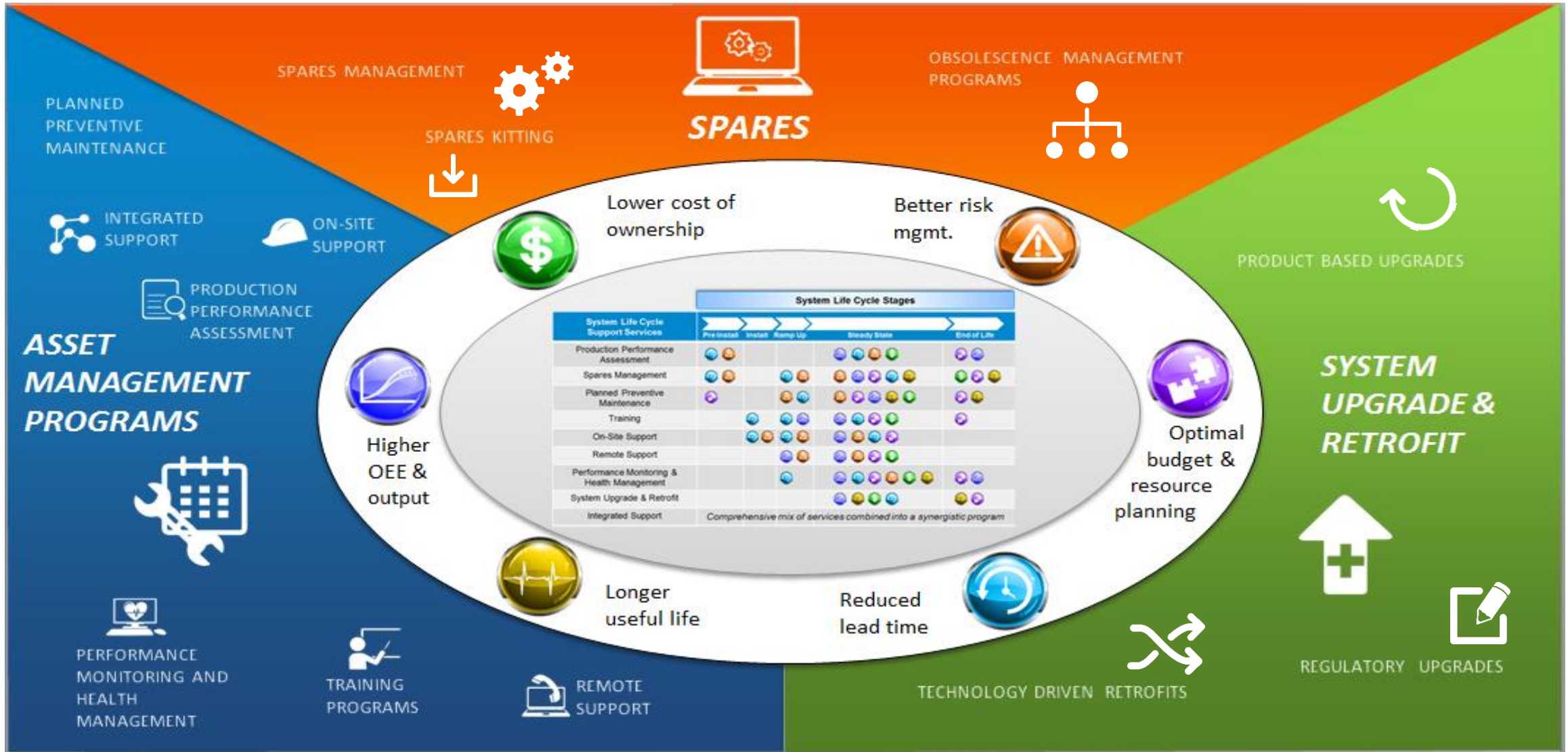


# Where Are We In Our Evolution?



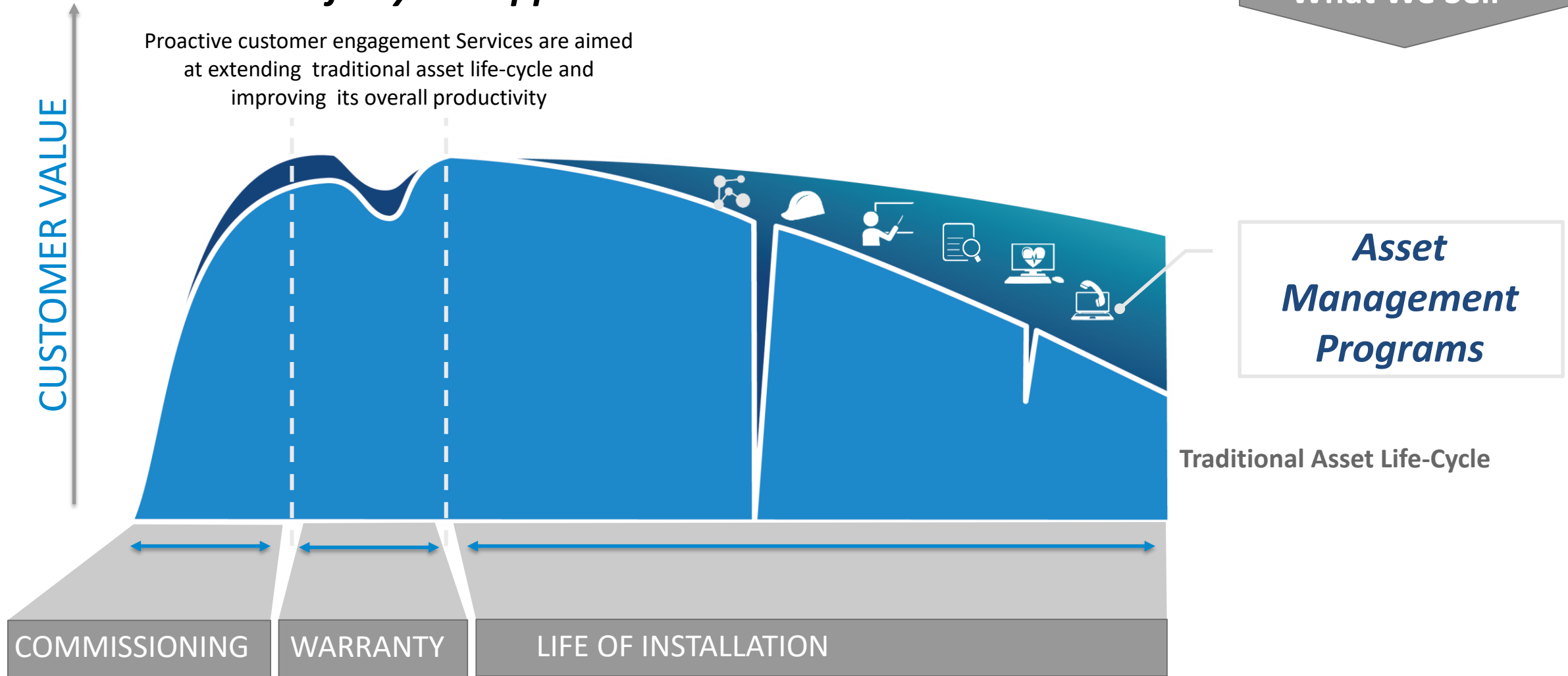
- Upgrade/Retrofit
- Spares Kits
- 24/7 Technical Support
- Specialized Training
- Reliability Engineering
- Preventive Maintenance
- IoT Tools
- Service Organization



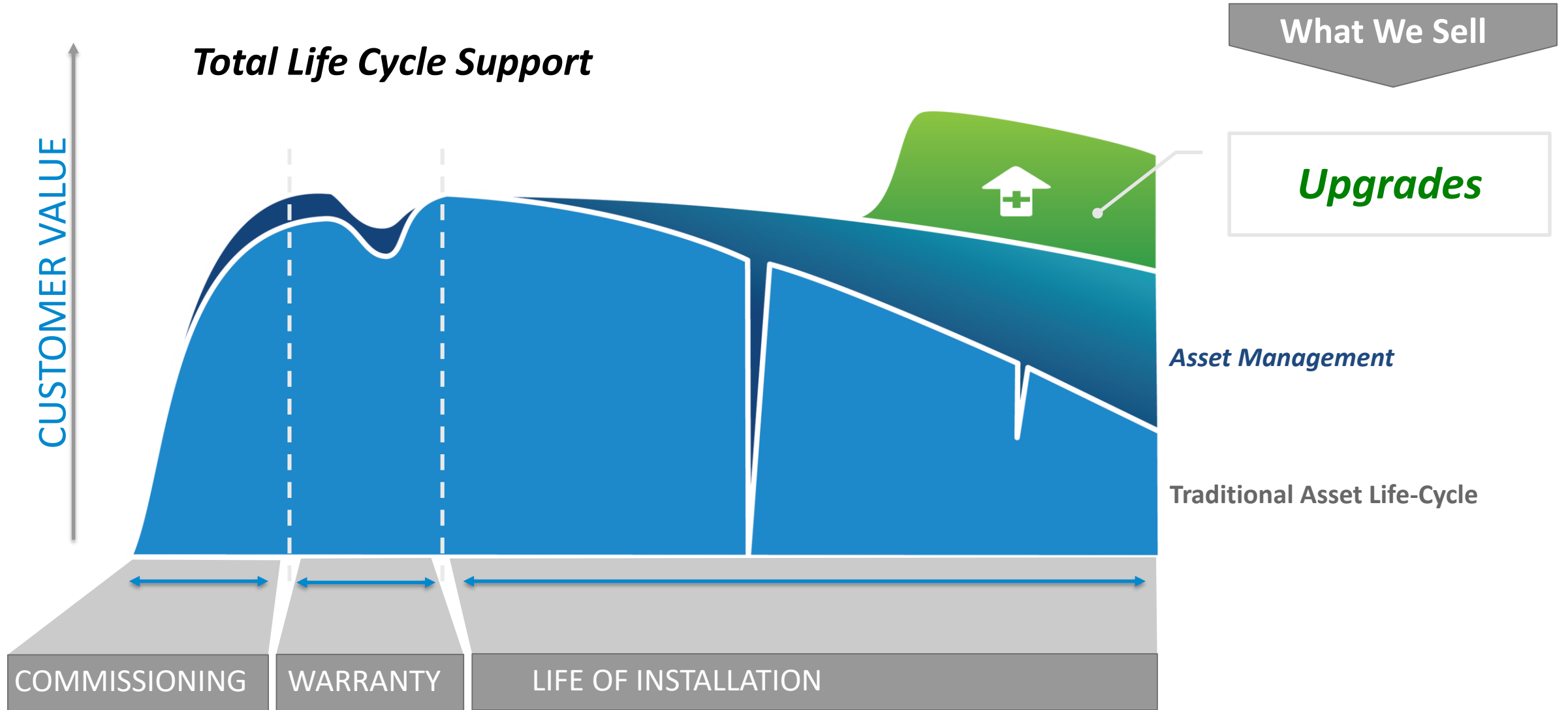


## Total Life Cycle Support

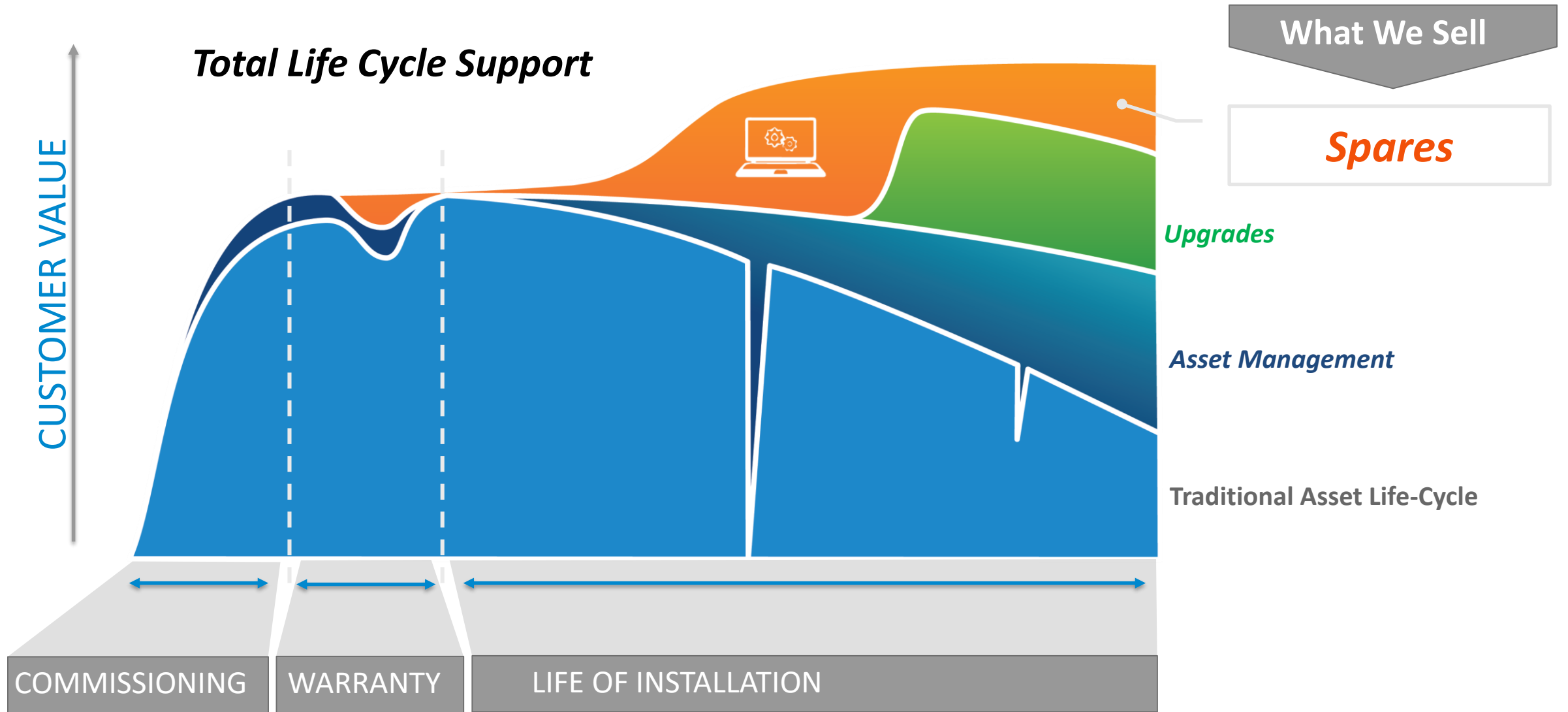
Proactive customer engagement Services are aimed at extending traditional asset life-cycle and improving its overall productivity



# What Is After Sales Service?



# What Is After Sales Service?

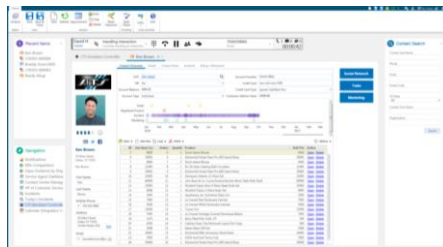
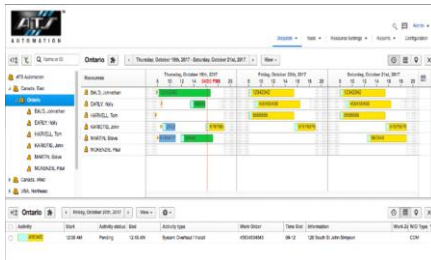


# Future Services – Going Digital



Real time resource planning and control

Real time field intelligence



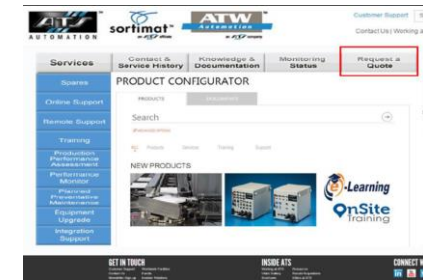
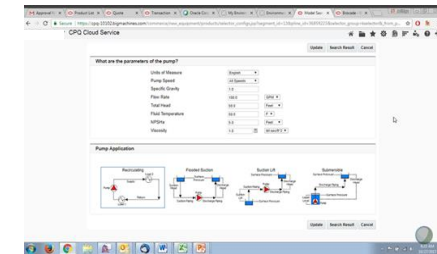
Consolidated Customer engagement platform

Machine learning insights



Shorter proposal lead times

Harmonized pricing



Customer Self Serve

E Commerce

IT Platform Launched in July '18

Improved customer experience and employee engagement

## TOOLKIT

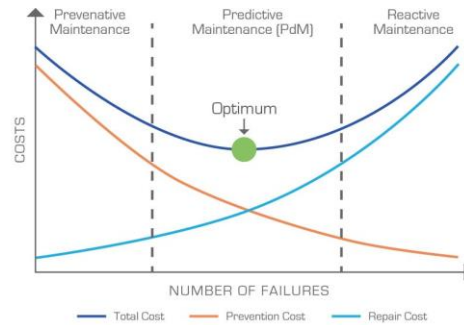
Manufacturing Intelligence

Equipment Agnostic\*

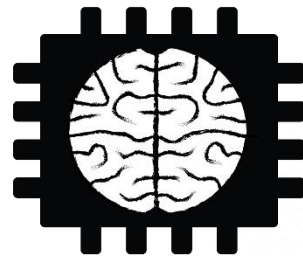
Remote Connectivity

Multi-Language

- ▶ Operator LED Assist
- ▶ Data Birth History
- ▶ OEE Metrics
- ▶ Quality & SPC
- ▶ Mobile and Overhead Marquee



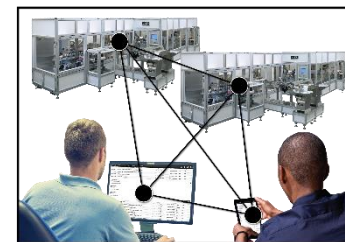
Preventative Maintenance



Big Data AI



DeBug Camera Module



Operator Knowledge Sharing

- ▶ Cycle Time Monitoring
- ▶ AIVs
- ▶ Notifications
- ▶ Spares Shopping
- ▶ Maintenance Manager

\*Compatible with any equipment; not just ATS'

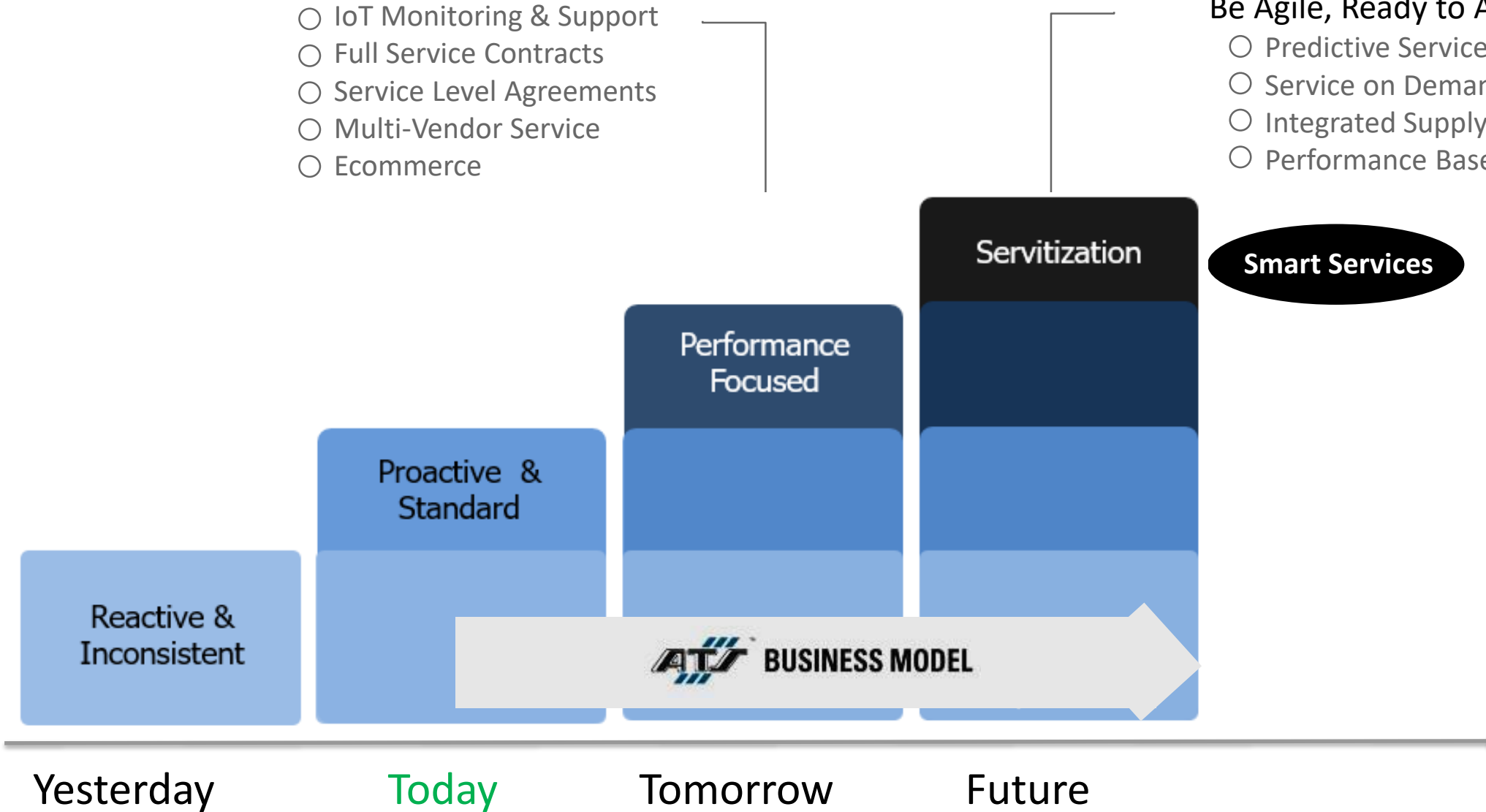
# Where Are We In Our Evolution?



- IoT Monitoring & Support
- Full Service Contracts
- Service Level Agreements
- Multi-Vendor Service
- Ecommerce

## Be Agile, Ready to Adapt, New Models

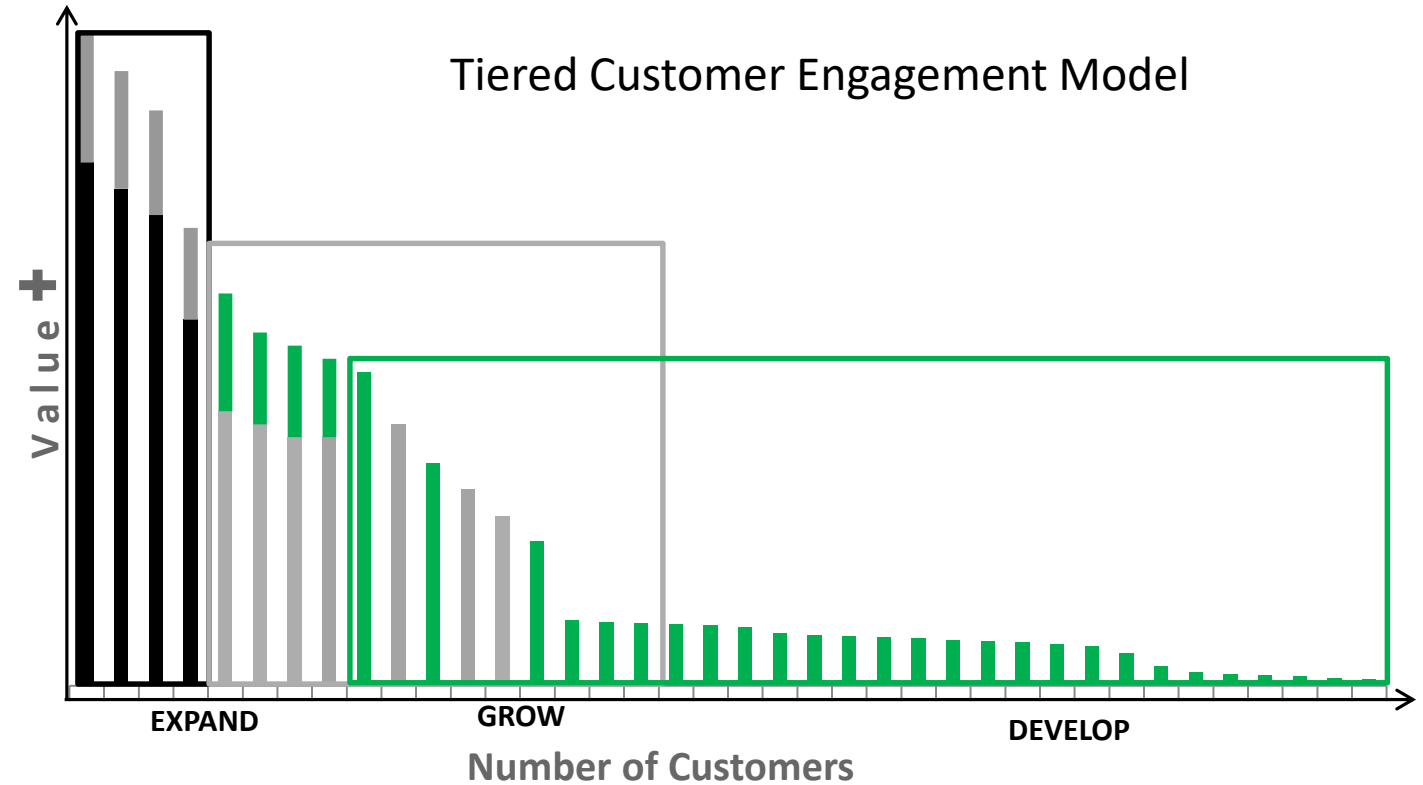
- Predictive Service Contracts
- Service on Demand
- Integrated Supply Chain
- Performance Based Contracts





| Purchase Choices                       | BRONZE                                 | SILVER                                  | GOLD                                    | PLATINUM                                |
|--|--|---|---|---|
| <b>Smart Services</b>                  |  |   |   |   |
| Production Ramp-up                     | 1 On-site Trip   2 Week Duration       | 2 On-site Trips   2 Week Duration/Trip  | 3 On-site Trips   2 Week Duration/Trip  | 4 On-site Trips   2 Week Duration/Trip  |
| Production Sustainment Support         | 1 On-Site Trip   1 Month Duration/Trip | 2 On-Site Trips   1 Month Duration/Trip | 3 On-Site Trips   1 Month Duration/Trip | 4 On-Site Trips   1 Month Duration/Trip |
| Recommend + Ongoing Spare Parts Supply | % of Capex Value                       | % of Capex Value                        | % of Capex Value                        | % of Capex Value                        |
| Obsolescence Spares Management         | Annual Review                          | Semi-Annual Review                      | Semi-Annual Review                      | Quarterly Review                        |
| Performance Monitoring & Reporting     | Quarterly Report                       | Monthly Report                          | Bi-Weekly Report                        | Weekly Report                           |
| Preventive Maintenance                 | Annual<br>2 Days On-site               | Semi-Annual<br>2 Days On-site/Trip      | Quarterly<br>2 Days On-site/Trip        | Monthly<br>2 Days On-site/Trip          |
| System Health Check                    | Annual<br>1 Day On-Site                | Semi-Annual<br>1 Day On-Site/Trip       | Quarterly<br>1 Day On-Site/Trip         | Monthly<br>1 Day On-Site/Trip           |
| SME Telephone Support                  | Hours / Quarter                        | Hours / Quarter                         | Hours / Quarter                         | Hours / Quarter                         |
| ATSToolkit™ System*                    | Installed                              | Installed                               | Installed                               | Installed                               |

\*Base PC Hardware (for first time implementation) included.

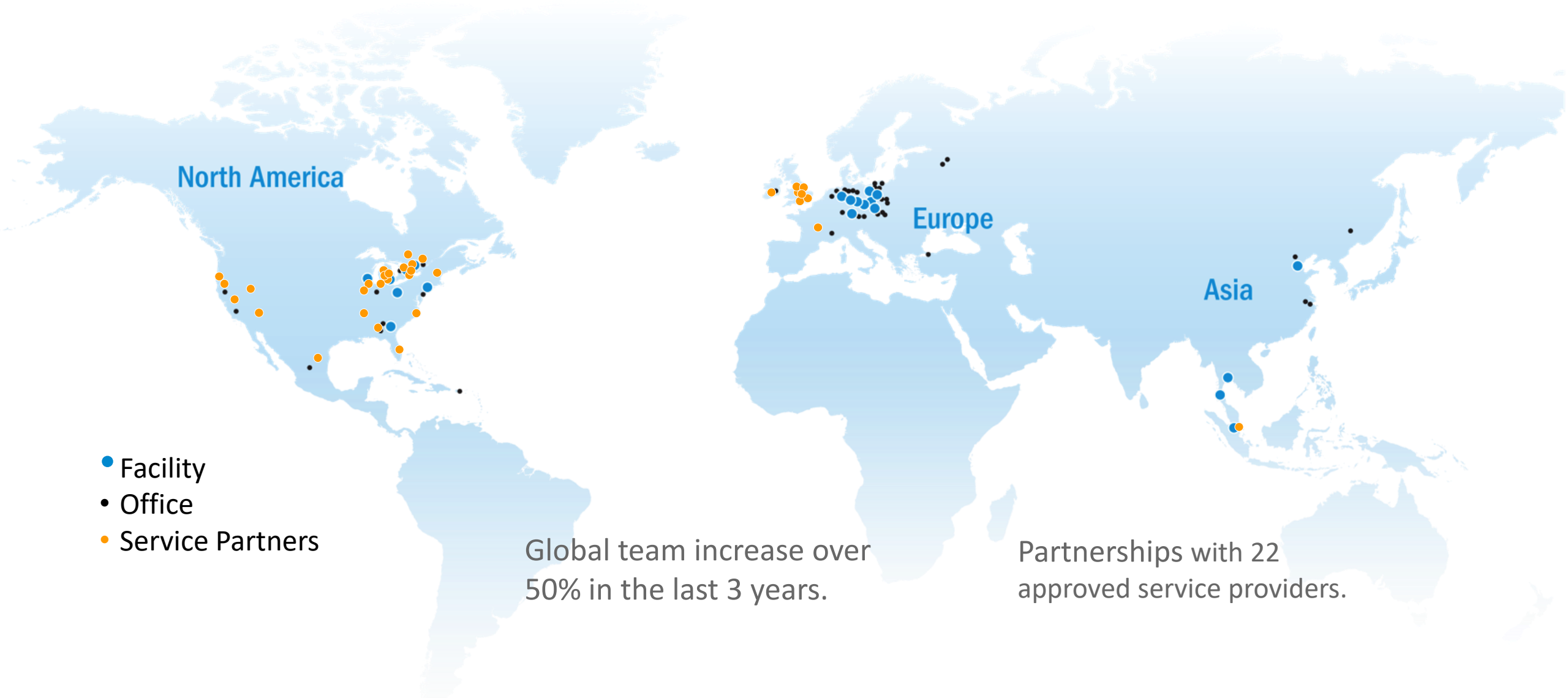


## CAPEX CHANNEL

- Leverage initial capital equipment sales cycle to sell tiered service packages
- Increase attach rate
- Long term contracts

## INSTALLED BASE CHANNEL – 23,000 SYSTEMS GLOBALLY

- Expand existing strategic relationships through Key Account Management
- Grow installed base through expanded capacity, capability and product offering
- Develop existing & new customers by extending our reach through Regional Network, Approved Service Provides & IT Platform



Global team increase over 50% in the last 3 years.

Partnerships with 22 approved service providers.

## Customer Benefits

Higher productivity/output

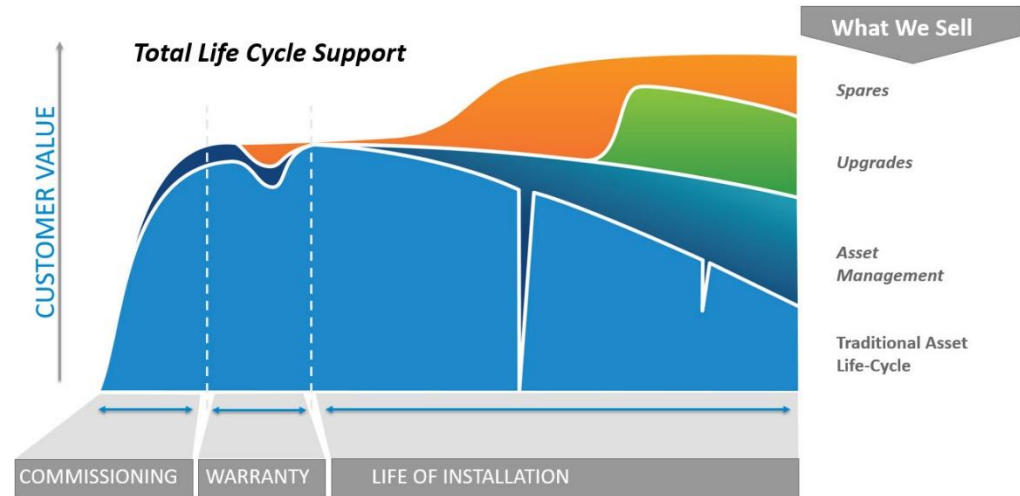
Lower cost of ownership

Longer useful life

Reduced lead time

Better risk management

Optimal resource planning



## Shareholder Benefits

Revenue Growth

Margin Expansion

Recurring Revenue

Customer Loyalty

Differentiation

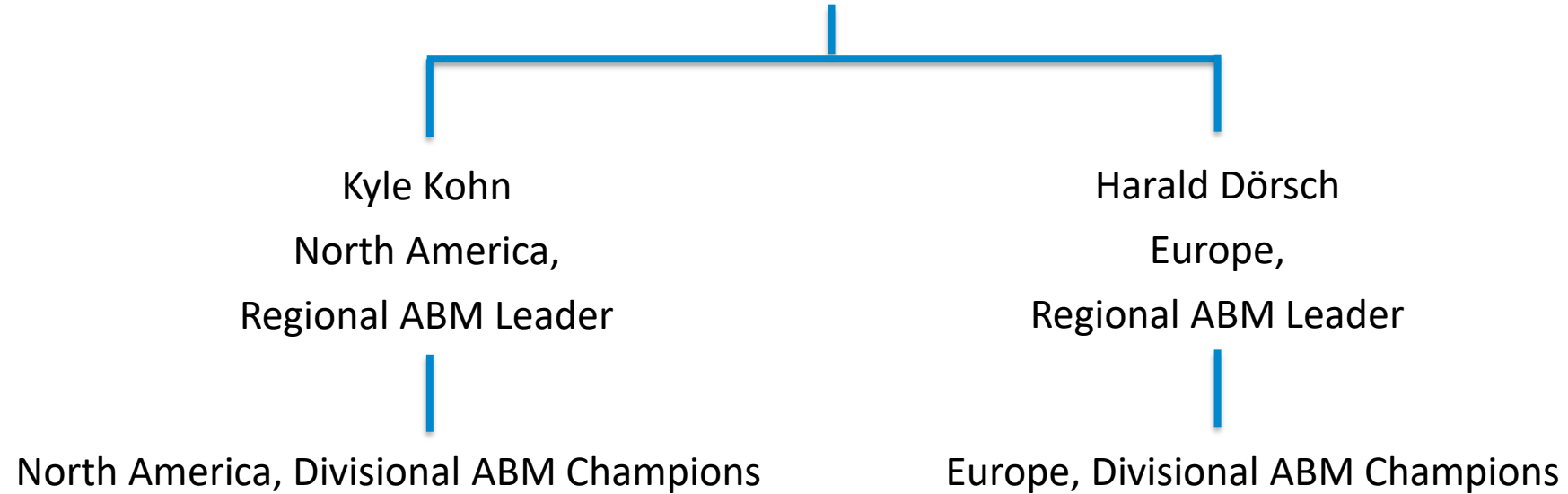
# JEREMY PATTEN

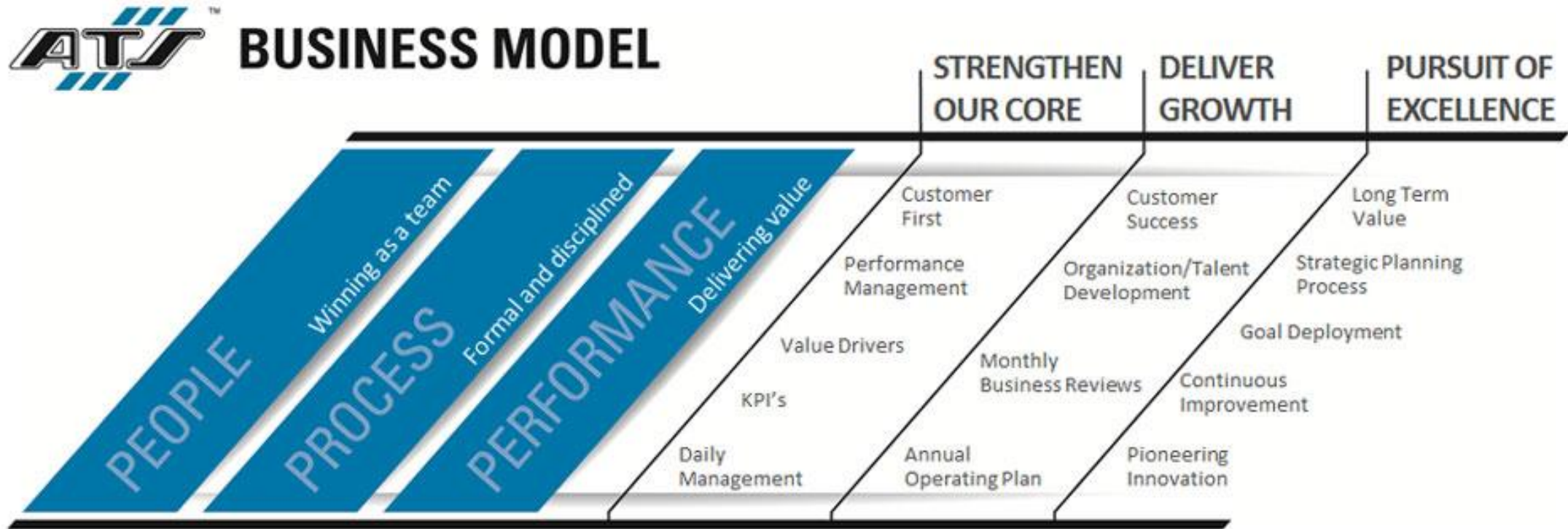
ATS Business Model (ABM)  
Overview & Introduction





Jeremy Patten  
Global Director, ABM







## ABM Launch

Focus: Problem Solving & Leadership Training; ABM Fundamentals

- People: ABM Champions and ABM Team
- Process: Daily Management & ABM Fundamentals
- Performance: 1 Kaizen / Division Consistent Problem Solving

Q2 FY18



## ABM Acceleration

Focus: Commercial Growth Tools & Pace, Depth, and Repetition

- People: Leader & Talent Development  
ABM Commercial Role
- Process: ABM as a Business Cycle / Tools
- Performance: Value Drivers and Kaizens > 4/month

FY19



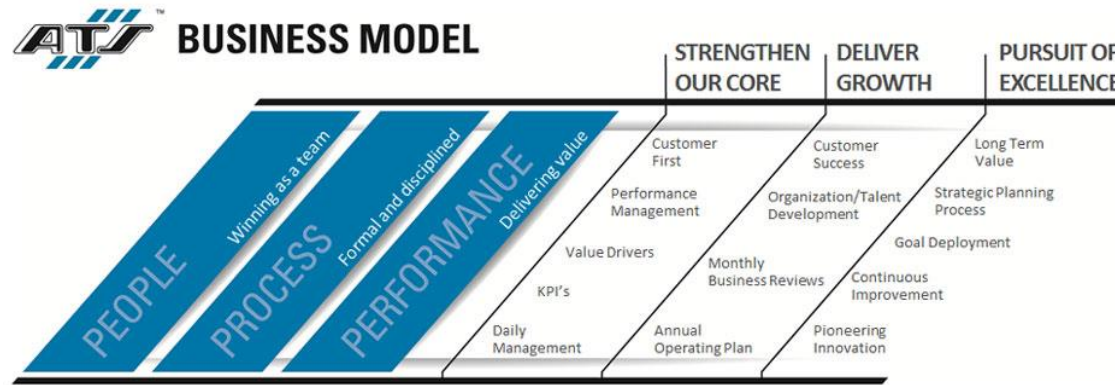
## ABM as our Culture

Focus: ABM at Every Level and Every Function

- People: Fully Deployed Training Program; e-Learning and Training for all Levels
- Process: ABM as Competitive Advantage
- Performance: Stretch Target Achievement; Deploying ABM to improve Customers, Suppliers, and ourselves



ABM will become a driving competitive advantage over time



- Value-Added vs. Non-Value-Added
- Waste “*muda*”
- *Kaizen*
- 5S
- Problem Solving
- *Gemba* Leadership



## VALUE ADDED ACTIVITIES:

Any process or operation that **shapes** or **transforms** a product or service into a final form that the customer will pay for.

## NON-VALUE ADDED ACTIVITIES:

Those process steps that take **time, resources, or space**, but do not transform or shape the product or service towards that which is sold to the customer

## Muda = “Waste”

- Type 1 Muda – Necessary Waste
- Type 2 Muda – Unnecessary Waste



Quality Defects



Waiting



Excess Inventory



Excess Motion



Unused Creativity



Over Production



Over Processing



Transportation

## Kaizen

A continuous improvement mindset;

- Kaizen Event: 3-5 Days using ABM Tool

## Problem Solving

Data-Driven, Methodical, and Process-based Root Cause Analysis and Actions (PDCA)

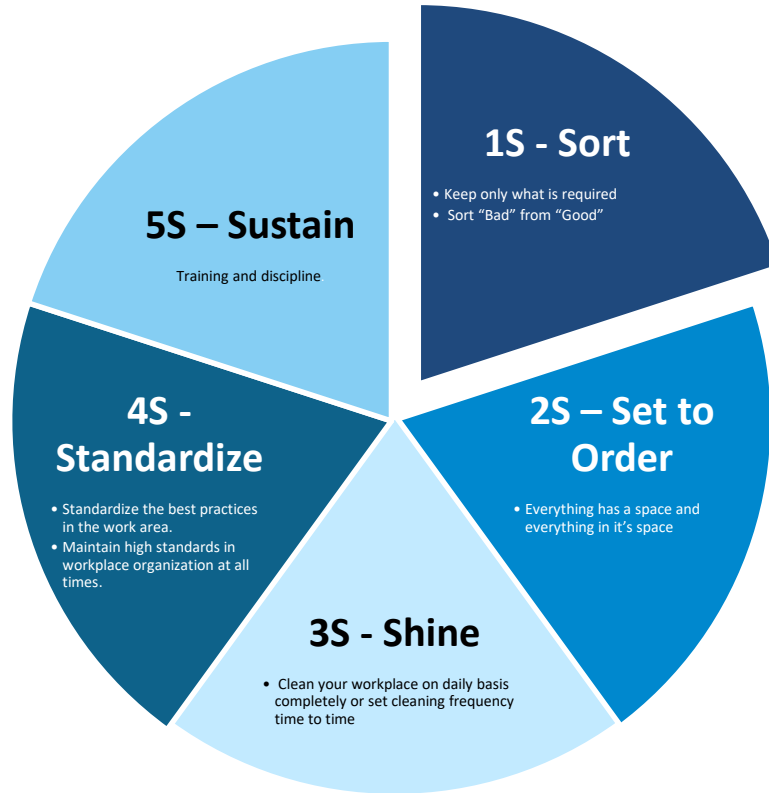
## Gemba Leadership

Servant Leaders at all levels

## 5S

Everything has a spot, everything in its spot;  
Tool to drive Safety, Quality, and Productivity

|    |    |    |    |    |    |
|----|----|----|----|----|----|
| 41 |    | 29 |    | 6  | 2  |
|    | 49 |    |    |    | 50 |
|    | 1  | 53 |    | 34 |    |
|    |    | 17 |    |    | 38 |
|    | 13 | 9  | 58 | 14 |    |
|    |    | 33 |    |    | 46 |
| 37 |    |    | 22 |    |    |
|    | 21 |    |    | 26 |    |
|    |    | 5  | 10 |    | 42 |
| 57 |    |    |    | 54 |    |
|    | 25 | 45 | 18 |    | 30 |
|    |    | 3  | 28 |    | 4  |
|    |    |    | 15 |    | 20 |
| 55 |    |    |    | 36 |    |
|    | 27 |    | 52 |    |    |
|    |    | 11 |    |    | 56 |
|    | 19 |    | 48 |    |    |
|    |    | 43 |    | 8  |    |
| 39 |    |    | 12 |    | 40 |
|    | 7  |    |    | 16 |    |
|    | 31 | 35 | 32 |    |    |
|    |    | 23 |    |    | 24 |
| 47 |    |    |    |    | 44 |
|    | 51 | 59 | 60 |    |    |



Quality Defects

Waiting

Excess Inventory

Excess Motion

Unused Creativity

Over Production

Over Processing

Transportation

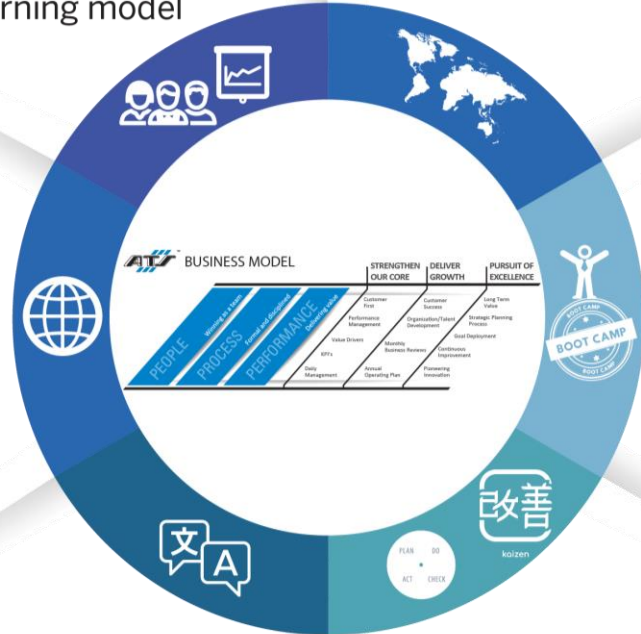
**ABM – Drives Business Performance**

- Training**
- / All levels
  - / Weekly, monthly
  - / 1-point lessons
  - / Adult learning model

- Global Support Network**
- / Local champions (On-Site)
  - / Regional support (NA+EU)

**ABM – Drives Individual Performance**

- ABM Internal Site**
- / Standard modules
  - / Examples of best practices
  - / Video of training sessions



- Leader & ABM Champion Boot Camp**
- / Application of the tools
  - / Sharing best practices
  - / Gain understanding and momentum (inertia)

**ABM – Drives Customer and Shareholder Value**

- ABM Modules**
- / Library of tools for various problems & applications
  - / Modules in native language

- Kaizen & Problem Solving**
- / Problem solving every day
  - / Impact to value drivers
  - / Kaizen for rapid improvements

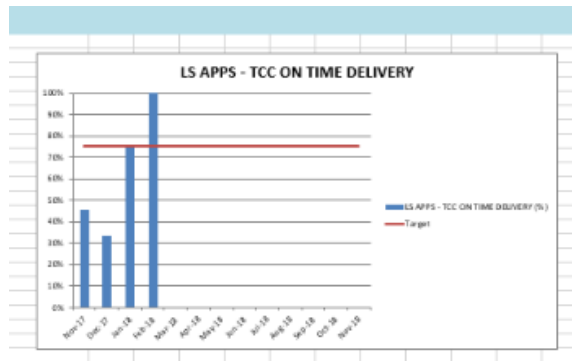
**ABM – Drives Innovation and Future Value Creation**



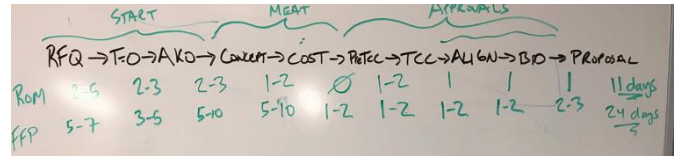
**ABM – Drives Employee Engagement and Empowerment**

## Before

- Global Life Science Quoting Process
- Average Time to Quote 11-12 Days



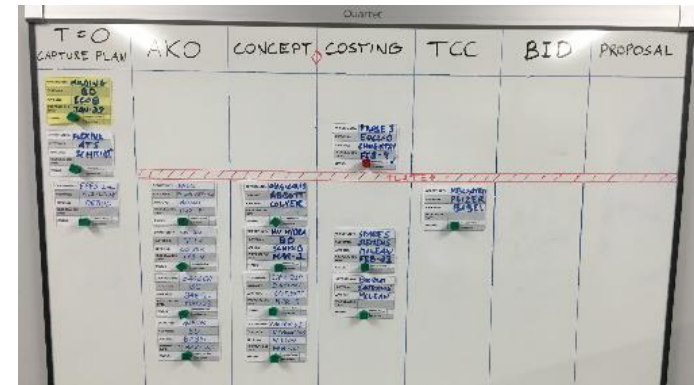
## Kaizen



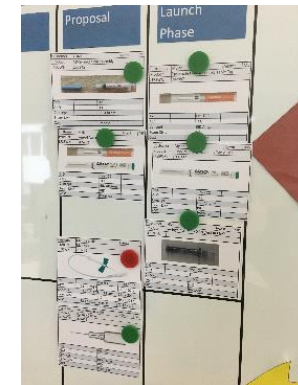
## Results



Implement Daily Management



Cambridge



Winnenden



Average decrease from 10-12 days to 5 days, ~50%.

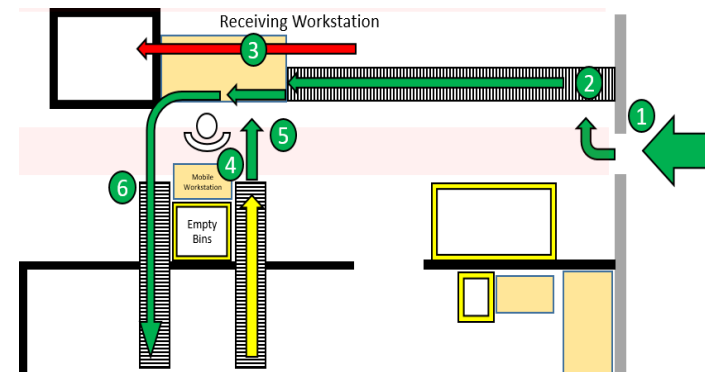
## Before

- US sortimat Receiving Kaizen
- Receiving > 24 hrs
- Avg time to kit > 11min/part



All Shipping Receiving Inside  
“Cage”

## Kaizen



## Results

✓ Receiving 100% < 24 hrs;  
50% Improvement

✓ Avg Time To Kit  
11 min → 5 min / part

✓ Team and Line-Level  
Engagement

## Year One

## Year Two

### People



- Global Director ABM
- ABM North America & Europe Regional Ldrs
- ABM Champion Assigned in Each Division

- ABM Commercial Leader: Growth Tools
- Develop Leaders on “ABM as a Culture”

### Process



- **100%** Leadership Trained
- **2** Formal ABM Boot Camps
- **20+** ABM Modules Deployed
- **>1,000** participants for Optional 1-Point Lessons

- ABM Assessment Tool & Roadmaps
- **100%** of Employees trained on Fundamentals
- e-Learning Launched to drive broader reach
- **4 x ABM Boot Camps**
- ATS Leadership Academy for Senior Leaders

### Performance



- **> 15 Kaizens** Operations and Commercial Processes
- **> 25 Problem Solving Activities**
- Focused results for **Growth, EBIT, OTD & Quality**

- Increase Kaizen Pace **to > 4/month** globally
- Increased impacts on Growth, EBIT, OTD & Quality
- **Pace, Depth, and Repetition**



# Building *THROUGH PEOPLE, PROCESS & PERFORMANCE* Value



ATS AUTOMATION – 2018 INVESTOR DAY - TSX:ATA

# ATS Investor Day – Agenda - September 18, 2018



| Time     | Topic                              | Presenter                            |
|----------|------------------------------------|--------------------------------------|
| 9:30 am  | Registration                       |                                      |
| 10:30 am | Welcome                            | Sonya Mehan, Director IR & Corp Comm |
| 10:35 am | Corporate Strategy                 | Andrew Hider, CEO                    |
| 11:00 am | Life Sciences                      | Chris Hart, President, Life Sciences |
| 11:30 am | Services                           | Simon Roberts, SVP Services          |
| 11:50 am | ATS Business Model (ABM)           | Jeremy Patten, Global Director, ABM  |
| 12:10 pm | Lunch                              |                                      |
| 12:45pm  | Customer View: Insulet Corporation | Chuck Alpuche, EVP, COO              |
| 1:05 pm  | Financial Overview                 | Maria Perrella, CFO                  |
| 1:15 pm  | Q&A                                | All presenters                       |
| 1:35 pm  | Facility tour                      |                                      |
| 3:00 pm  | Bus departs Cambridge for Toronto  |                                      |

# Building *THROUGH PEOPLE, PROCESS & PERFORMANCE* Value



ATS AUTOMATION – 2018 INVESTOR DAY - TSX:ATA

## Insulet Corporation



**Customer Guest Speaker: Chuck Alpuche**

**Executive Vice President/ Chief Operations Officer**  
Global Operations, Distribution, Procurement, R&D  
and Program Management.

- NASDAQ:PODD
- Innovative medical device company
- HQ: Massachusetts, United States
- Mission: improve the lives of people with diabetes.  
Specifically, through its revolutionary Omnipod Insulin Management System, Insulet seeks to expand the use of insulin pump therapy.



- ✓ Reduces burden
- ✓ Simplifies life
- ✓ Improves outcomes

ATS enables competitive advantage for Insulet through highly-automated manufacturing capabilities; improving production, quality, and cost

MARIA PERRELLA

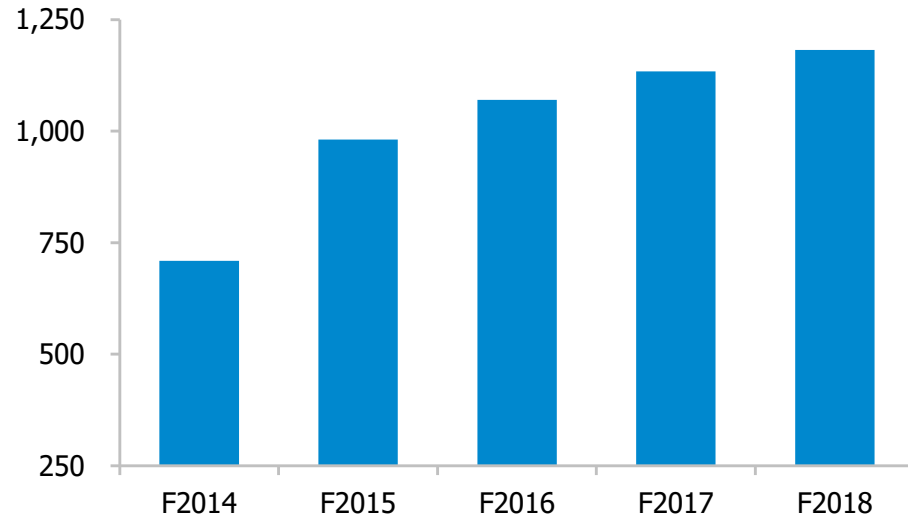
Chief Financial Officer



# Order Bookings and Order Backlog

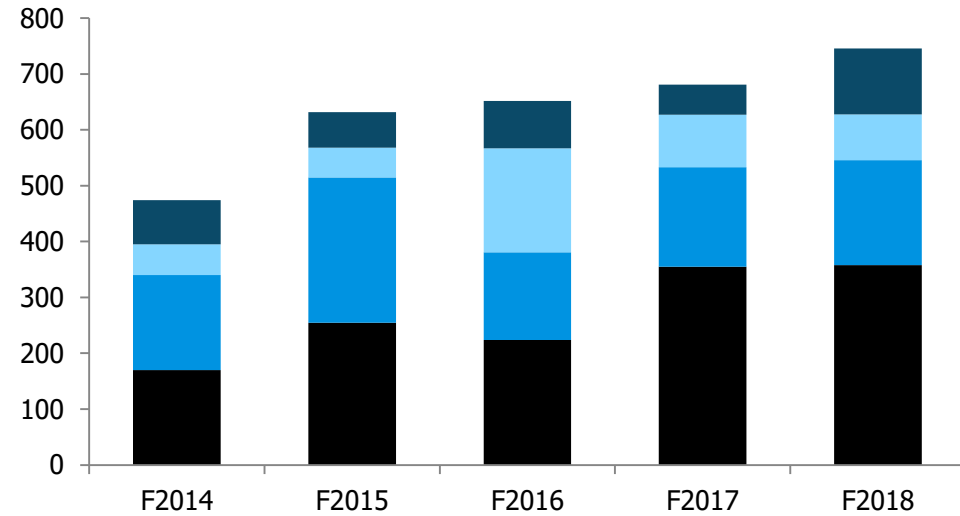


### Order Bookings\* (\$millions)



- 4% increase in F2018
- Enterprise wins = QoQ fluctuations

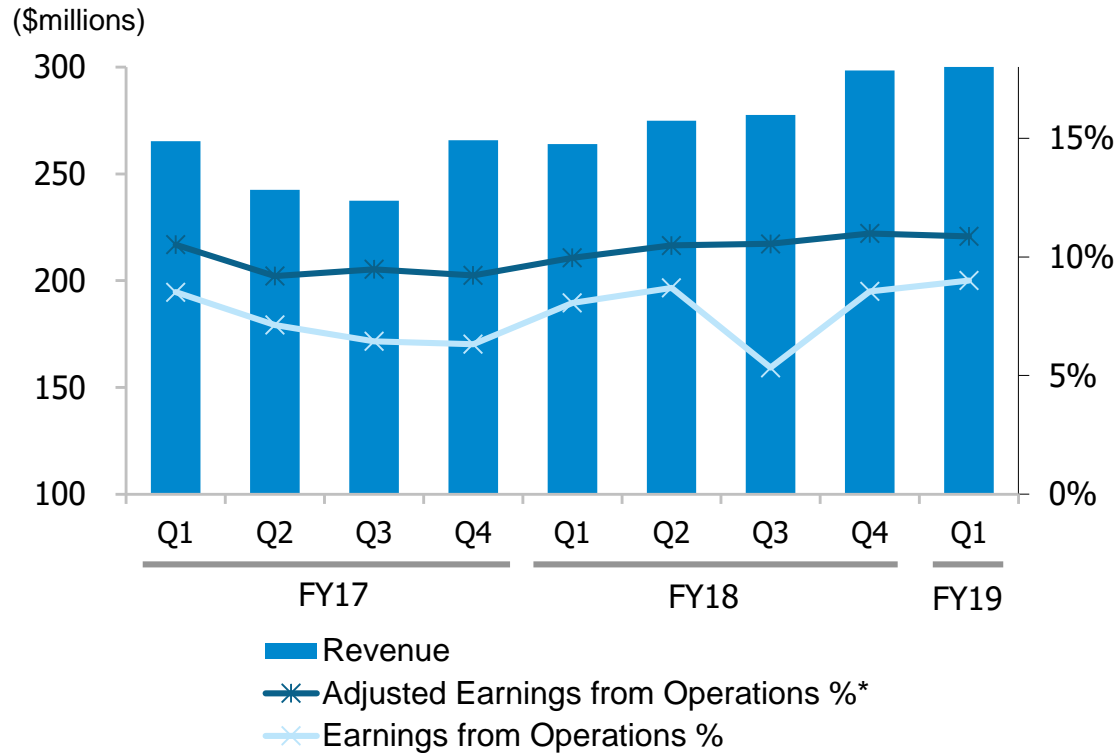
### Order Backlog\* (\$millions)



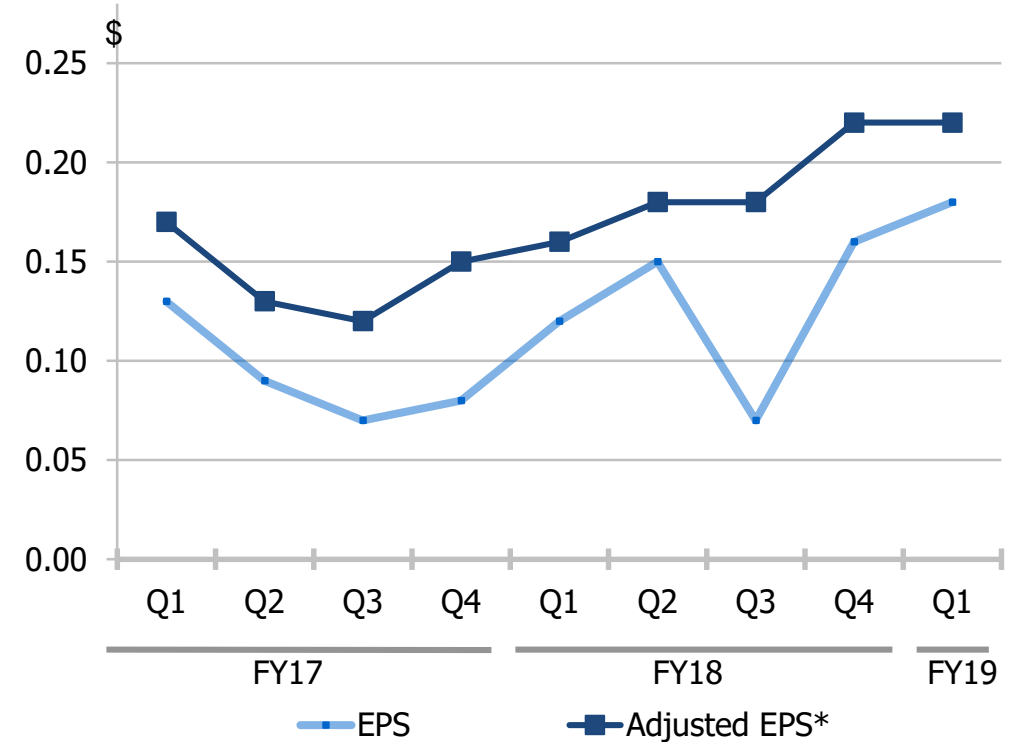
- 10% YoY increase at March 31, 2018
- Record Q4 backlog of \$746M
- Growth leader – Consumer Products & Electronics

\*Non IFRS measures – see appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

## Revenues & Operating Margins

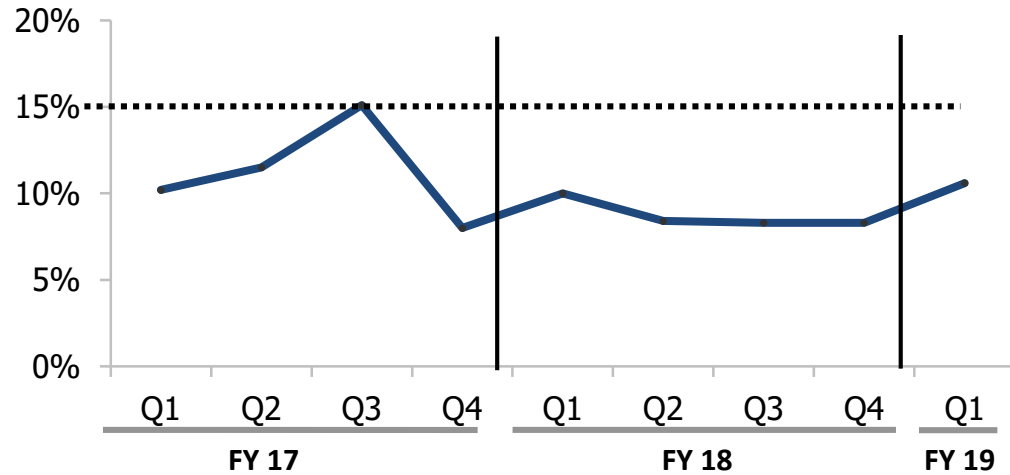


## Earnings per Share



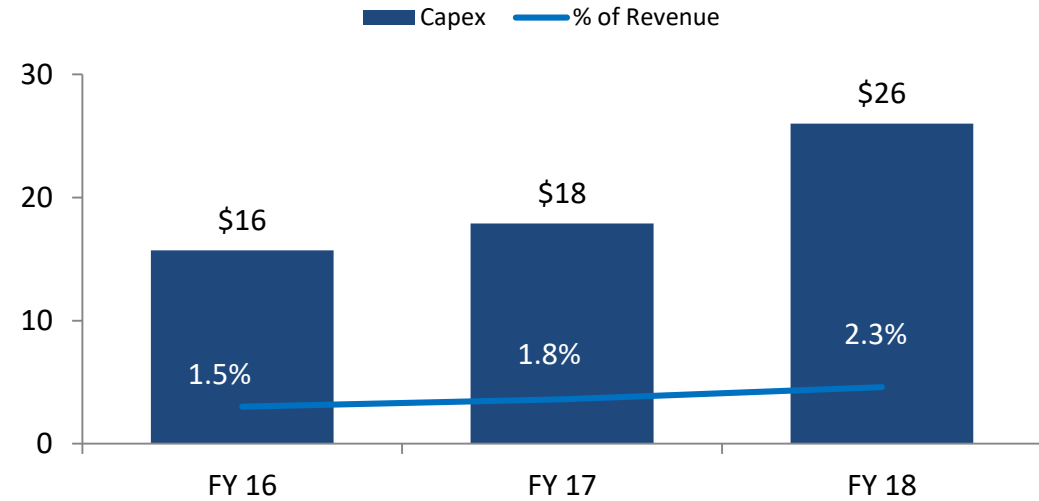
\*Non IFRS measures – see appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

## Non-Cash Working Capital as a % of Revenue\*



- Target below 15%
- Structure contracts to minimize working capital

## Historical Capital Expenditures (C\$ millions)



- Low capital spend
- Some capex funded through customer contracts
- Expect F19 to be in similar range as F18

\*Non IFRS measure – see appendix: Reconciliation of Non-IFRS Measures to IFRS Measures



# Return on Invested Capital

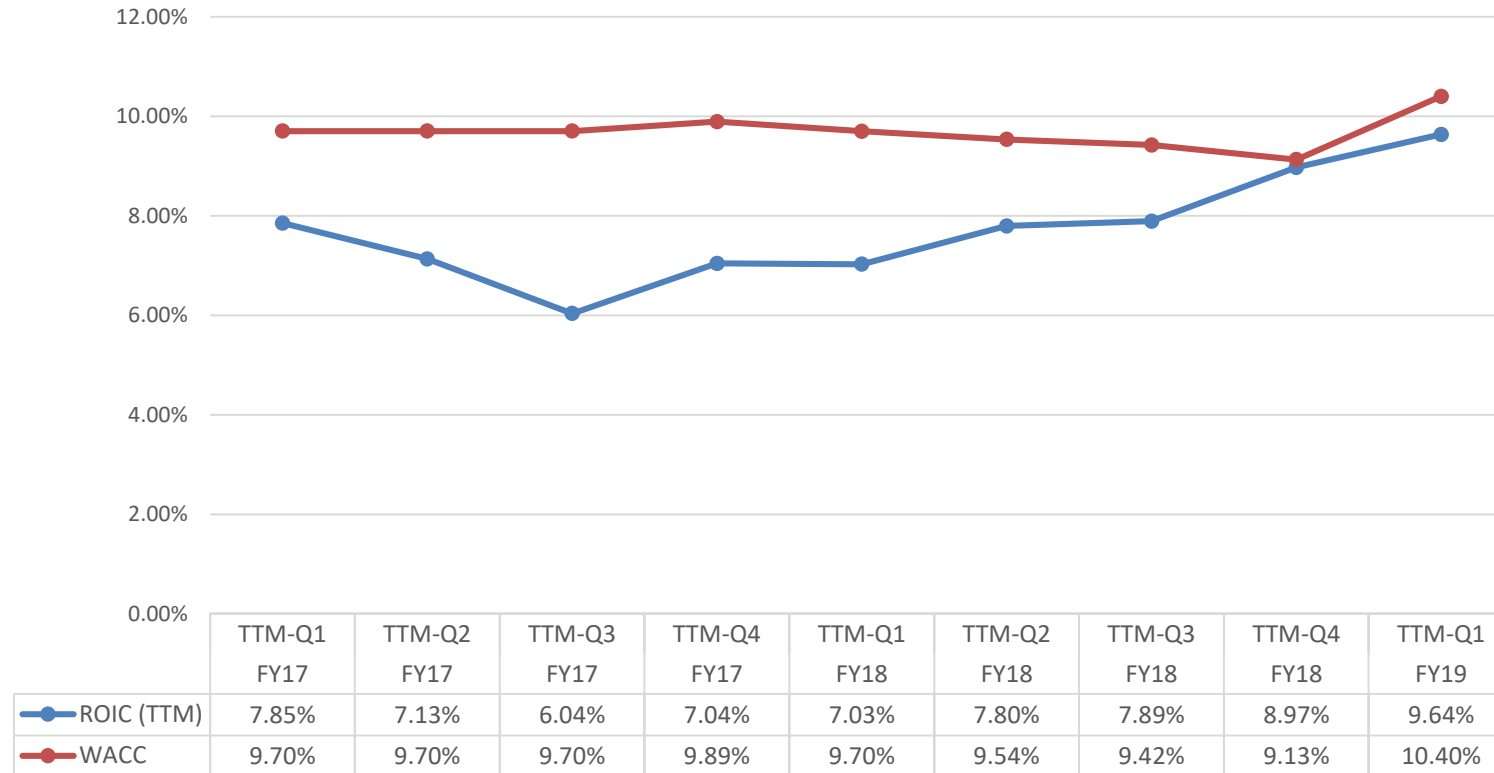


## Target:

- ROIC > WACC

## Levers:

- Growth
- Margin expansion
- Capital deployment

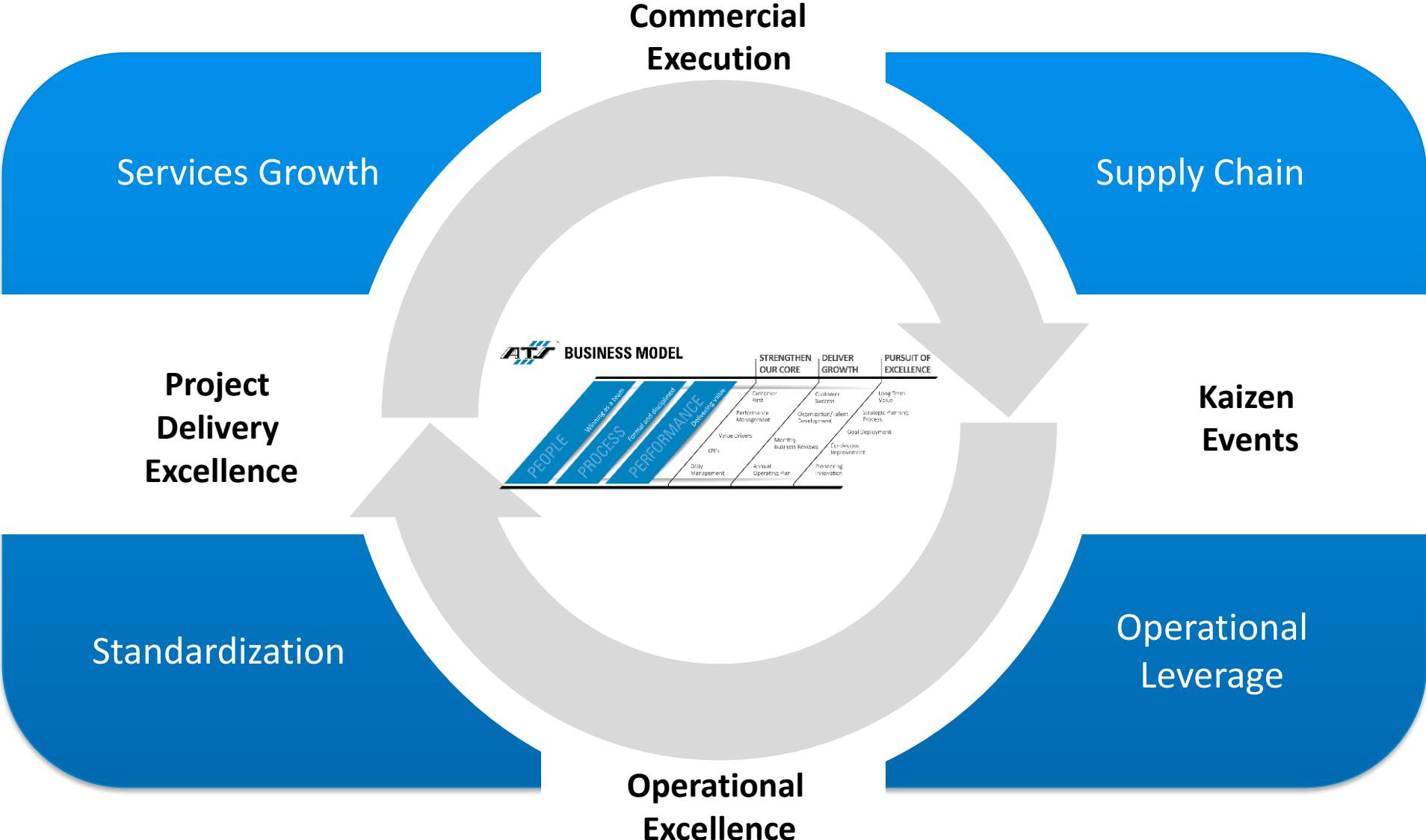


## Calculation:

$$= \frac{\text{Net Operating Profit after Tax (NOPAT)}}{\text{Invested Capital}}$$

- NOPAT (TTM) = (net income + income tax expense + net finance costs) x marginal tax rate
- Invested Capital (trailing 4 quarter average) = Bank indebtedness + Long-term debt (inc. current portion)  
+ Equity attributable to shareholders – cash and cash equivalents

Returns have increased – opportunities to drive further improvement

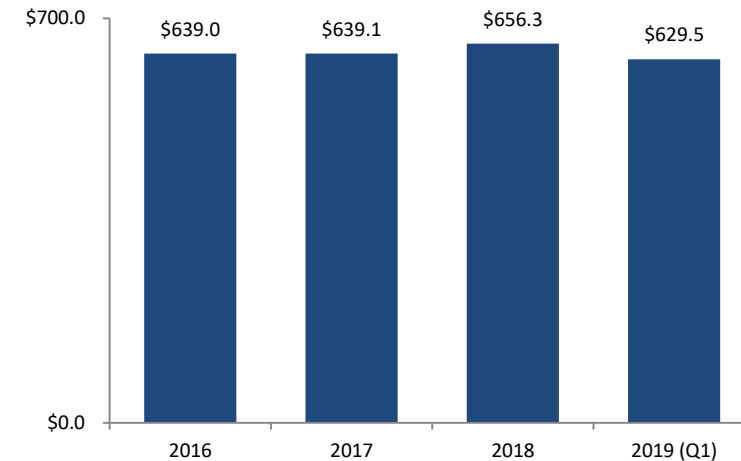


Targeted margin expansion over time with initiatives underway to achieve

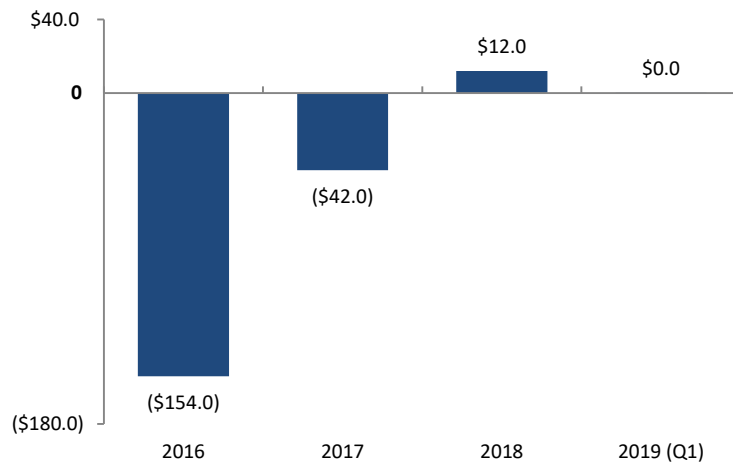
## Funding

- Extended \$750 million credit facility – July 2017
- U.S. \$250 million Senior Notes – June 2015
- Support growth strategy
- Capacity for increased leverage

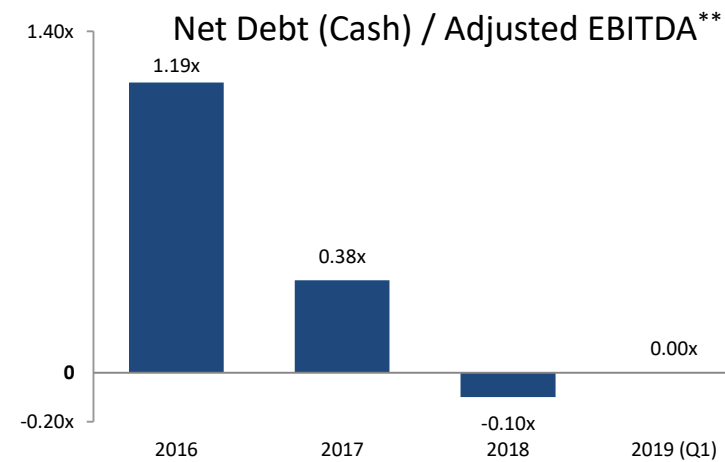
## Available Credit (C\$ millions)



## Net Cash (Debt)\* (C\$ millions)



## Historical Leverage



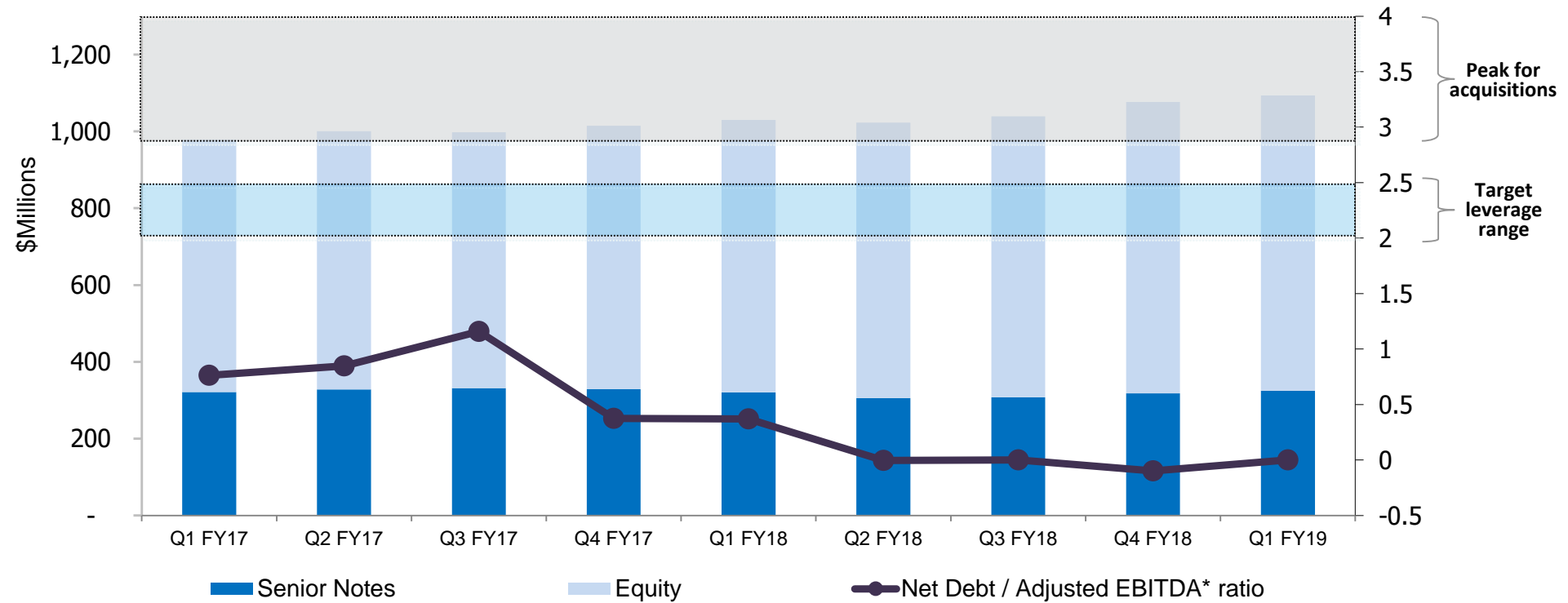
\* Net Debt is the sum of cash less total outstanding debt.

\*\* Adjusted EBITDA is based on ATS' most recently completed four fiscal quarters and adjusted for items excluded from management's internal analysis of operating results. See Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures.

# Capital Structure – Leverage



Capitalization



\*Non IFRS measure – see appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

Capacity to increase leverage and drive capital efficiency

# Building *THROUGH PEOPLE, PROCESS & PERFORMANCE* Value



ATS AUTOMATION – 2018 INVESTOR DAY - TSX:ATA

# Q&A



## Solid Foundation

Strong bookings, growing backlog, healthy balance sheet

## ATS Business Model

Winning culture comes from People, Process, Performance

## Well Positioned

Trends include life sciences growth, EV adoption, US reshoring

## Expanding Services

More services, more value-add (IIoT) across equipment lifecycle

## Driving Innovation

Enhances capabilities, profitability and employee engagement

## M&A Potential

Disciplined approach to deepen offering, create value

## Proven Track Record

ATS 40 years - 25 years on the TSX - IWK 125 years



# Building *THROUGH PEOPLE, PROCESS & PERFORMANCE* Value



ATS AUTOMATION – 2018 INVESTOR DAY - TSX:ATA



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

Earnings from operations and EBITDA are used by the Company to evaluate the performance of its operations. Management believes 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, adjusted net income to net income and adjusted basic earnings per share to basic earnings per share, in each case is contained in this presentation.

## Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures



C\$ millions

|                           | F2014  | F2015  | F2016   | F2017   | F2018   |
|---------------------------|--------|--------|---------|---------|---------|
| Opening Order Backlog     | \$ 398 | \$ 474 | \$ 632  | \$ 652  | \$ 681  |
| Revenues                  | (683)  | (936)  | (1,040) | (1,011) | (1,115) |
| Order Bookings            | 709    | 981    | 1,070   | 1,134   | 1,182   |
| Order Backlog Adjustments | 50     | 113    | (10)    | (94)    | (2)     |
| Ending Order Backlog      | \$ 474 | \$ 632 | \$ 652  | \$ 681  | \$ 746  |

## Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures



| C\$ millions                                | FY17        |             |             |             | FY18        |             |             |             | FY19        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | Q1          | Q2          | Q3          | Q4          | Q1          | Q2          | Q3          | Q4          | Q1          |
| <b>Adjusted EBITDA</b>                      | <b>31.5</b> | <b>25.3</b> | <b>26.6</b> | <b>28.5</b> | <b>30.2</b> | <b>32.8</b> | <b>33.3</b> | <b>37.0</b> | <b>36.8</b> |
| Restructuring charges                       | -           | -           | 2.3         | -           | -           | -           | 9.0         | 2.2         | -           |
| Share purchase allowance                    | -           | -           | -           | 2.9         | -           | -           | -           | -           | -           |
| <b>EBITDA</b>                               | <b>31.5</b> | <b>25.3</b> | <b>24.3</b> | <b>25.6</b> | <b>30.2</b> | <b>32.8</b> | <b>24.3</b> | <b>34.8</b> | <b>36.8</b> |
| Less: depreciation and amortization expense | 8.9         | 8.0         | 9.0         | 8.8         | 8.9         | 8.9         | 9.5         | 9.3         | 9.8         |
| <b>Earnings from operations</b>             | <b>22.6</b> | <b>17.3</b> | <b>15.3</b> | <b>16.8</b> | <b>21.3</b> | <b>23.9</b> | <b>14.8</b> | <b>25.5</b> | <b>27.0</b> |
| Less: net finance costs                     | 6.6         | 6.4         | 6.3         | 6.3         | 6.2         | 6.2         | 5.8         | 5.6         | 5.2         |
| Provision for income taxes                  | 3.9         | 2.4         | 2.4         | 2.7         | 3.6         | 3.9         | 2.1         | 4.9         | 5.1         |
| <b>Net income</b>                           | <b>12.1</b> | <b>8.5</b>  | <b>6.6</b>  | <b>7.8</b>  | <b>11.5</b> | <b>13.8</b> | <b>6.9</b>  | <b>15.0</b> | <b>16.7</b> |

## Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures



| C\$ millions  | FY17        |             |             |             | FY18        |             |             |             | FY19        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | Q1          | Q2          | Q3          | Q4          | Q1          | Q2          | Q3          | Q4          | Q1          |
| <b>Adjusted earnings from operations</b>              | <b>27.9</b> | <b>22.3</b> | <b>22.5</b> | <b>24.5</b> | <b>26.3</b> | <b>28.8</b> | <b>29.3</b> | <b>32.8</b> | <b>32.6</b> |
| Amortization of acquisition-related intangible assets | 5.3         | 5.0         | 4.9         | 4.8         | 5.0         | 4.9         | 5.5         | 5.1         | 5.6         |
| Restructuring charges                                 | -           | -           | 2.3         | -           | -           | -           | 9.0         | 2.2         | -           |
| Share purchase allowance                              | -           | -           | -           | 2.9         | -           | -           | -           | -           | -           |
| <b>Earnings from operations</b>                       | <b>22.6</b> | <b>17.3</b> | <b>15.3</b> | <b>16.8</b> | <b>21.3</b> | <b>23.9</b> | <b>14.8</b> | <b>25.5</b> | <b>27.0</b> |
| Less: net finance costs                               | 6.6         | 6.4         | 6.3         | 6.3         | 6.2         | 6.2         | 5.8         | 5.6         | 5.2         |
| Provision for income taxes                            | 3.9         | 2.4         | 2.4         | 2.7         | 3.6         | 3.9         | 2.1         | 4.9         | 5.1         |
| <b>Net income</b>                                     | <b>12.1</b> | <b>8.5</b>  | <b>6.6</b>  | <b>7.8</b>  | <b>11.5</b> | <b>13.8</b> | <b>6.9</b>  | <b>15.0</b> | <b>16.7</b> |

## Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures



| C\$   | FY17        |             |             |             | FY18        |             |             |             | FY19        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | Q1          | Q2          | Q3          | Q4          | Q1          | Q2          | Q3          | Q4          | Q1          |
| <b>Adjusted EPS</b>                                   | <b>0.17</b> | <b>0.13</b> | <b>0.12</b> | <b>0.15</b> | <b>0.16</b> | <b>0.18</b> | <b>0.18</b> | <b>0.22</b> | <b>0.22</b> |
| Amortization of acquisition-related intangible assets | 0.04        | 0.04        | 0.04        | 0.05        | 0.04        | 0.03        | 0.04        | 0.04        | 0.04        |
| Restructuring charges                                 | -           | -           | 0.01        | -           | -           | -           | 0.07        | 0.02        | -           |
| Share purchase allowance                              | -           | -           | -           | 0.02        | -           | -           | -           | -           | -           |
| <b>Basic earnings per share</b>                       | <b>0.13</b> | <b>0.09</b> | <b>0.07</b> | <b>0.08</b> | <b>0.12</b> | <b>0.15</b> | <b>0.07</b> | <b>0.16</b> | <b>0.18</b> |

## Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures



| C\$ millions                      | FY17          |                |                |               | FY18          |            |              |             | FY19         |
|-----------------------------------|---------------|----------------|----------------|---------------|---------------|------------|--------------|-------------|--------------|
|                                   | Q1            | Q2             | Q3             | Q4            | Q1            | Q2         | Q3           | Q4          | Q1           |
| Cash and cash equivalents         | 222.5         | 226.6          | 203.7          | 286.7         | 279.4         | 306.3      | 307.6        | 330.2       | 324.6        |
| Bank indebtedness                 | (1.5)         | (2.1)          | (1.8)          | (1.4)         | (1.0)         | (1.1)      | (0.4)        | (2.7)       | (2.6)        |
| Current portion of long-term debt | (5.2)         | (5.5)          | (1.3)          | (1.3)         | (1.1)         | (0.9)      | (0.9)        | (0.4)       | (0.4)        |
| Long-term debt                    | (314.8)       | (320.4)        | (328.5)        | (325.9)       | (318.2)       | (303.8)    | (306.4)      | (315.1)     | (321.7)      |
| <b>Net cash (debt)</b>            | <b>(99.0)</b> | <b>(101.4)</b> | <b>(127.9)</b> | <b>(41.9)</b> | <b>(40.9)</b> | <b>0.5</b> | <b>(0.1)</b> | <b>12.0</b> | <b>(0.1)</b> |