Q1 2026 Earnings Call

August 7, 2025
8:30am ET

Today's Hosts

Andrew Hider
Chief Executive Officer

Ryan McLeod
Chief Financial Officer

Forward Looking Statements

Note to Reader: This presentation and the oral statements made during this call contain certain statements that may constitute forward-looking information and forward-looking statements within the meaning of applicable Canadian and United States securities laws ("forward-looking statements"). All such statements are made pursuant to the “safe harbour” provisions of Canadian provincial and territorial securities laws and the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not historical facts regarding possible events, conditions or results of operations that ATS believes, expects or anticipates will or may occur in the future, including, but not limited to: outlook in our markets and macro-economic environment impacts, including international trade disputes sparked by tariffs and retaliatory tariffs or other non-tariff measures and any further escalation of such trade disputes; order funnel; value creation and growth strategy; margin expansion; ABM; acquisitions opportunities and their impact; contributions of recent acquisitions to long-term growth; the impact of developing the Company’s digitalization capabilities; commitment to advancing technologies; innovation efforts; various market opportunities for ATS; the potential impact of the Company’s approach to market; the anticipated range of revenues for the following quarter; planned reorganization activities; and the leadership transition. Such forward-looking statements are inherently subject to significant 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. Important risks, uncertainties, and factors that could cause actual results to differ materially from expectations expressed in the forward-looking statements include, but are not limited to: the impact of regional or global conflicts; general market performance including capital market conditions and availability and cost of credit; risks related to the international trade disputes sparked by tariffs and retaliatory tariffs or other non-tariff measures and any further escalation of such trade disputes; risks related to a recession, slowdown, and/or sustained downturn in the economy; performance of the markets that ATS serves; industry challenges in securing the supply of labour, materials, and, in certain jurisdictions, energy sources such as natural gas; impact of inflation; interest rate changes; foreign currency and exchange risk; the relative weakness of the Canadian dollar; risks related to customer concentration; risks related to customer disagreements; impact of factors such as increased pricing pressure, increased cost of energy and supplies, and delays in relation thereto, and possible margin compression; the regulatory and tax environment; the emergence of new infectious diseases or any epidemic or pandemic outbreak or resurgence, and collateral consequences thereof; the impacts of inflation, uncertainty caused by the supply chain dynamics, interest rate changes, international trade disputes sparked by tariffs and retaliatory tariffs or other non-tariff measures and any further escalation of such trade disputes, and regional conflicts that have in the past and may in the future lead to significant price and trading fluctuations in the market price for securities in the stock markets, including the TSX and the NYSE; energy shortages and global price increases; ATS is unable to expand in emerging markets, or is delayed in relation thereto, due to any number of reasons, including inability to effectively execute organic or inorganic expansion plans, focus on other business priorities, or local government, regulations, or delays; the success and impact of the initiatives that ATS is undertaking do not materialize as expected or at all; that the ABM is not effective in accomplishing its goals; failure to convert Order Backlog to revenue and/or variations in the amount of Order Backlog completed in any given quarter; that efforts to improve adjusted earnings from operations margin over long-term are unsuccessful due to any number of reasons, including less than anticipated increase in after-sales service revenues or reduced margins attached to those revenues, less than expected growth of its product portfolio, inability to achieve lower costs through supply chain management, failure to develop, adopt internally, or have customers adopt, standardized platforms and technologies; inability to maintain current cost structure if revenues were to grow; failure of ABM to impact margins; 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; non-cash working capital as a percentage of revenues operating at a level other than as expected due to reasons, including, the timing and nature of Order Bookings, the timing of payment milestones and payment terms in customer contracts, and delays in customer programs; that planned reorganization activity does not succeed in improving the cost structure of the Company, or is not completed at the cost or within the timelines expected, or at all; underlying trends driving customer demand will not materialize or have the impact expected; the development of the ATS’ digitalization capabilities fails to achieve the growth or change expected; impact of the leadership transition; and other risks and uncertainties detailed from time to time in ATS' filings with securities regulators, including, without limitation, the risk factors described in ATS’ annual information form for the fiscal year ended March 31, 2025, which are available on the System for Electronic Data Analysis and Retrieval+ (SEDAR+) at www.sedarplus.com and on the U.S. Securities Exchange Commission’s Electronic Data Gathering, Analysis and Retrieval System (EDGAR) at www.sec.gov. ATS has attempted to identify important factors that could cause actual results to materially differ from current expectations, however, there may be other factors that cause actual results to differ materially from such expectations. Forward looking statements are necessarily based on a number of estimates, factors and assumptions regarding, among others, management's current plans, estimates, projections, beliefs and opinions, the future performance and results of the Company’s business and operations, including the revenue expectations from current Order Backlog and anticipated new orders booked and billed within the quarter; the ability of ATS to execute on its business objectives; the effectiveness of ABM in accomplishing its goals; ability to successfully implement margin expansion initiative; the anticipated growth in the life sciences, food & beverage, consumer products, and energy markets; the Company’s competitive position in the industry; the Company’s ability to adapt and develop solutions that keep pace with continuing changes in technology and customer needs; the ability to seek out, enter into and successfully integrate acquisitions; the ability to maintain mutually beneficial relationships with the Company’s customers; and general economic and political conditions and global events, including any epidemic or pandemic outbreak or resurgence, and the international trade disputes sparked by tariffs and retaliatory tariffs or other non-tariff measures, and any further escalation of such trade disputes. Forward-looking statements included in this presentation are only provided to understand management’s current expectations relating to future periods and, as such, are not appropriate for any other purpose. Although ATS believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and ATS cautions you not to place undue reliance upon any such forward looking statements, which speak only as of the date they are made. ATS does not undertake any obligation to update forward-looking statements contained herein other than as required by law. Certain forward-looking information included presentation and the oral statements made during this call may also constitute a “financial outlook” within the meaning of applicable securities laws. Financial outlook involves statements about ATS’ prospective financial performance, financial position or cash flows that is based on and subject to the assumptions about future economic conditions and courses of action described above as well as management’s assessment of project schedules across all customer contracts in Order Backlog, expectations for faster-turn product and services revenues, expected delivery timing of third-party equipment and operational capacity. Such assumptions are based on management’s assessment of the relevant information currently available and any financial outlook included herein is provided for the purpose of helping readers understand management’s current expectations and plans for the future as of the date hereof. The actual results of ATS’ operations may vary from the amounts set forth in any financial outlook and such variances may be material. Readers are cautioned that reliance on any financial outlook may not be appropriate for other purposes or in other circumstances and that the risk factors described above and other factors may cause actual results to differ materially from any financial outlook.

Non-IFRS and Other Financial Measures

Throughout this presentation management uses certain non-IFRS financial measures, non-IFRS ratios and supplementary financial measures to evaluate the performance of the Company. The terms “EBITDA”, "adjusted revenues", “organic revenue”, “adjusted net income”, “adjusted earnings from operations”, “adjusted EBITDA”, "pro forma adjusted EBITDA", “adjusted basic earnings per share”, and “free cash flow”, are non-IFRS financial measures, “adjusted earnings from operations margin”, “organic revenue growth”, and “net debt to pro forma adjusted EBITDA” are non-IFRS ratios, and Order Bookings”, “Order Backlog”, and “book-to-bill ratio” are supplementary financial measures, all of which do not have any standardized meaning prescribed within International Financial Reporting Standards ("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. EBITDA is defined as earnings from operations excluding depreciation and amortization. Organic revenue is defined as adjusted revenues in the stated period excluding revenues from acquired companies for which the acquired company was not a part of the consolidated group in the comparable prior period. Organic revenue growth compares the stated period organic revenue with the adjusted revenue of the comparable period. 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, legal settlement costs proceedings that arise outside of the ordinary course of business, the mark-to-market adjustment on stock based compensation and certain other adjustments which would be non-recurring in nature (“adjustment items”). Adjusted revenues are defined as revenues before any adjustment items. Adjusted earnings from operations margin is an expression of the Company’s adjusted earnings from operations as a percentage of adjusted revenues. Adjusted EBITDA is defined as adjusted earnings from operations excluding depreciation and amortization. Pro forma adjusted EBITDA is adjusted EBITDA on a pro forma basis to reflect full contribution from recent acquisitions. 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 and adjusted for other significant items of a non-recurring nature. Free cash flow is defined as cash provided by operating activities less property, plant and equipment and intangible asset expenditures. Net debt to pro forma adjusted EBITDA is the ratio of the net debt of the Company (cash and cash equivalents less bank indebtedness, long-term debt, and lease liabilities) to the trailing twelve month pro forma adjusted EBITDA. 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. Book to bill ratio is a measure of Order Bookings compared to adjusted revenue.

Following amendments to ATS’ Restricted Share Unit ("RSU") Plan in 2022 to provide for settlement in shares purchased in the open market and the creation of the employee benefit trust to facilitate such settlement, ATS began to account for equity-settled RSUs using the equity method of accounting. However, prior RSU grants which will be cash-settled and deferred share unit ("DSU") grants which will be cash-settled are accounted for as described in the Company's annual consolidated financial statements and have significant volatility period over period based on the fluctuating price of ATS’ common shares. As a result, certain Non-IFRS Financial Measures (EBITDA, adjusted EBITDA, net debt to adjusted EBITDA, adjusted earnings from operations and adjusted basic earnings per share) were revised from previously disclosed values to exclude the impact on stock-based compensation expense of the revaluation of DSUs and RSUs resulting specifically from the change in market price of the Company's common shares between periods. Management believes that this adjustment provides further insight into the Company's performance, as share price volatility drives variability in the Company's stock-based compensation expense.

During the three and six months ended September 29, 2024, the Company removed the non-IFRS financial ratio "net debt to adjusted EBITDA" and included "net debt to pro forma adjusted EBITDA" instead in order to take into account the pro forma results of recently acquired companies and to more accurately reflect the economic reality of the Company's operations. No other changes to the determination of the remaining non-IFRS financial and other measures have been made.

Earnings from operations, adjusted earnings from operations, adjusted revenues, EBITDA, adjusted EBITDA and pro forma adjusted 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 adjusted revenues, organic revenue and organic revenue growth, when considered with IFRS measures, allow the Company to better measure the Company’s performance and evaluate long-term performance trends. Organic revenue growth also facilitates easier comparisons of the Company’s performance with prior and future periods and relative comparisons to its peers. Management believes that EBITDA and adjusted EBITDA are important indicators of the Company’s ability to generate operating cash flows to fund continued investment in its operations. Management believes that adjusted earnings from operations, adjusted earnings from operations margin, adjusted EBITDA 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. Free cash flow is used by the Company to measure cash flow from operations after investment in property, plant and equipment and intangible assets. Management uses net debt to pro forma adjusted EBITDA as a measurement of leverage of the Company. 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 that the Company expects to generate based on contracts that management believes to be firm. Book to bill ratio is used to measure the Company’s ability and timeliness to convert Order Bookings into revenues. 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 is contained in this presentation. A reconciliation of (i) EBITDA and adjusted EBITDA to earnings from operations and net income (loss), (ii) adjusted earnings from operations to earnings (loss) from operations and net income (loss), (iii) adjusted basic earnings per share to basic earnings (loss) per share, (iv) free cash flow (v) adjusted revenues to revenues (vi) organic revenue to revenue (vii) net debt and (viii) net debt to adjusted EBITDA to their IFRS measure components in each case is contained in this presentation.

Q1 2026 & Recent Highlights

Organic YOY revenue growth in Life Sciences, Food and Beverage and Consumer

- Q1 revenues up ~6% y/y to $736.7M
- Q1 Order Bookings[1] of $693M; diversified across market verticals and trailing twelve month book-to-bill ratio[1] of 1.17
- Q1 Adj. Earnings from Operations[1] of $78.6M, 10.7% adjusted earnings from operations margin[1]
- Order Backlog[1] remains strong at $2,068M
- Reduced leverage reflects negotiated settlement with EV customer[2]
- Monitoring tariff developments; no material impacts to date

1. Order Backlog, Order Bookings and book-to-bill ratio are supplementary financial measures, and adjusted earnings from operations are non-IFRS financial measures, and adjusted earnings from operations margin is a non-IFRS ratio - *See "Non-IFRS and Other Financial Measures"* and *"Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures."*
2. $134.75M USD (approx. $194.0M CAD) settlement receivable paid in Q1.

Outlook

Order Backlog[1] provides good revenue visibility:

- **Life Sciences** $1,160M:
  - Funnel remains strong, supported by proven capabilities in regulated markets
- **Food and Beverage** $229M:
  - Funnel remains strong, and includes primary processing and packaging; continuing to identify opportunities in secondary processing and packaging
- **Energy** $243M:
  - Funnel remains strong, including longer-term opportunities in nuclear
- **Consumer Products** $262M:
  - Funnel stable; supported by capabilities in warehouse automation and packaging
- **Transportation** $174M:
  - Funnel remains stable with smaller opportunities relative to prior years

Services and digital offerings evolving to drive enhanced customer equipment lifecycle support

ABM continues to leverage expertise of our workforce to solve problems and drive continuous improvement

1. Order Backlog is a supplementary financial measures - *See "Non-IFRS and Other Financial Measures"* and *"Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures."*

Financial Results

(C$ M, except per share data)	Q1 F2026	Q1 F2025	Y/Y Change ($)	Y/Y Change (%)
Revenues	**$736.7**	$694.3	$42.4	**6.1%**
Earnings from operations	**57.8**	67.6	(9.8)	**(14.5)%**
Adjusted earnings from operations[1]	**78.6**	86.2	(7.6)	**(8.8)%**
EBITDA[1]	**95.1**	105.0	(9.9)	**(9.4)%**
Adjusted EBITDA[1]	**101.5**	106.0	(4.5)	**(4.2)%**
Net income	**24.3**	35.3	(11.0)	**(31.2)%**
Basic earnings per share	**0.25**	0.36	(0.11)	**(30.6)%**
Adjusted basic earnings per share[1]	**0.41**	0.50	(0.09)	**(18.0)%**
Cash Flow from Operations	**155.8**	(35.4)	191.2	**540.1%**
Free Cash Flow[1]	**139.5**	(51.3)	190.8	**371.9%**
Net debt to pro forma adjusted EBITDA[1]	**3.6x**	3.9x		

Revenue Growth:

	QTR
Organic[1]	(1.2)%
Acquisitions	4.1 %
FX	3.2 %
Total	6.1 %

- Organic revenue growth[1] in life sciences and food & beverage along with contributions from recent acquisitions partially offset expected reduction in transportation revenues.
- Net debt to proforma adjusted EBITDA[1] reduced as a result of EV customer settlement.
- Q2 F26 Revenue estimate[2] is $700M to $740M.

1. Adjusted Earnings from Operations, EBITDA, Adjusted EBITDA, and Adjusted Basic Earnings per Share are non-IFRS financial measures. Net Debt to Pro Forma Adjusted EBITDA and organic revenue growth are non-IFRS ratios. Free cash flow is a supplementary financial measures. *See "Non-IFRS and Other Financial Measures"* and *"Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures."*
2. The estimate is based on revenue expectations from current Order Backlog and anticipated new orders booked and billed within the quarter

Summary

- Strong, diversified Order Backlog[1] provides good revenue visibility
- Responding to challenges in macro environment; no material impacts on customer Order Bookings or supply chain
- Long-term outlook in strategic end-markets remains positive
- Priorities and plan remain unchanged during leadership transition; decentralized structure, experienced senior leaders and commitment to ABM will support continuous improvement and disciplined execution of long-term strategy for value creation

1. Order Bookings and Order Backlog are supplementary financial measures. See "*Non-IFRS and Other Financial Measures*" and "*Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures*"
2. The estimate is based on revenue expectations from current Order Backlog and anticipated new orders booked and billed within the quarter

Questions

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Appendix

Reconciliation of Non-IFRS Measures to IFRS Measures

Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

The following table reconciles adjusted EBITDA and EBITDA to the most directly comparable IFRS measure (net income) (in millions of dollars):

(C$ M)	Q1 F2026	Q1 F2025
Adjusted EBITDA	**101.5**	**106.0**
Restructuring charges	2.5	—
Acquisition-related transaction costs	0.3	1.3
Acquisition-related inventory fair value charges	—	1.0
Mark to market portion of stock based compensation	3.6	(1.3)
EBITDA	**95.1**	**105.0**
Less: depreciation and amortization expense	37.3	37.4
Earnings from operations	**57.8**	**67.6**
Less: net finance costs	25.6	19.5
Less: provision for income taxes	7.9	12.8
Net income	**24.3**	**35.3**

The following table reconciles organic revenue to adjusted revenues, which have been reconciled to the closest IFRS measure (revenues) in this document:

(C$ M)	Q1 F2026	Q1 F2025
Organic revenue	$685.6	$658.2
Revenues of acquired companies	28.6	29.9
FX impact	22.5	6.2
Total revenues	**736.7**	**694.3**
Organic revenue growth	**(1.2)%**	

Order Backlog Continuity (in millions of dollars)

(C$ M)	Q1 F2026
Opening Order Backlog	$2,139
Revenues	(737)
Order Bookings	693
Order Backlog Adjustments	(27)
Ending Order Backlog	**2,068**

Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

The following table reconciles adjusted earnings from operations to the most directly comparable IFRS measures (net income) (in millions of dollars):

(C$ M)	Q1 F2026	Q1 F2025
Adjusted earnings from operations	**78.6**	**86.2**
Restructuring charges	2.5	—
Acquisition-related transaction costs	0.3	1.3
Amortization of acquisition-related intangible assets	14.4	17.6
Acquisition-related inventory fair value charges	—	1.0
Mark to market portion of stock based compensation	3.6	(1.3)
Earnings from operations	**57.8**	**67.6**
Less: net finance costs	25.6	19.5
Less: provision for income taxes	7.9	12.8
Net income	**24.3**	**35.3**

The following table reconciles adjusted basic earnings per share to the most directly comparable IFRS measure (basic earnings per share):

(C$ M)	Q1 F2026	Q1 F2025
Basic earnings per share	**0.25**	**0.36**
Restructuring charges	0.03	—
Acquisition-related transaction costs	—	0.01
Amortization of acquisition-related intangible assets	0.14	0.18
Acquisition-related inventory fair value charges	—	0.01
Mark to market portion of stock based compensation	0.04	(0.01)
	0.46	**0.55**
Less: adjustment to provision for income taxes	(0.05)	(0.05)
Adjusted basic earnings per share	**0.41**	**0.50**

Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

The following table reconciles net debt to adjusted EBITDA to the most directly comparable IFRS measure (in millions of dollars):

(C$ M)	Q1 F2026	Q4 F2025
Cash and cash equivalents	$188.6	$225.9
Bank indebtedness	(2.0)	(27.3)
Current portion of long-term debt	(0.2)	(0.2)
Long-term debt	(1,383.7)	(1,543.5)
Lease liabilities	(133.4)	(129.4)
Net cash (debt)	**(1,330.7)**	**(1,474.5)**

(C$ M)	F2026	F2025
Net Debt	$(1,330.7)	$(1,474.5)
Pro forma adjusted EBITDA (TTM)	365.9	374.4
Historical Leverage (Net Debt/pro forma Adj. EBITDA)	**3.6x**	**3.9x**

The following table reconciles free cash flow to the most directly comparable IFRS measure (in millions of dollars):

(C$ M)	Q1 F2026	Q1 F2025
Cash flows provided by (used in) operating activities	$155.8	$(35.4)
Acquisition of property, plant and equipment	(7.1)	(7.1)
Acquisition of intangible assets	(9.2)	(8.8)
Free cash flow	**139.5**	**(51.3)**

Appendix: Reconciliation of Non-IFRS Measures to IFRS Measures

The following table reconciles the previously reported non-IFRS financial measures to reflect the exclusion of the stock-based compensation revaluation expenses:

(C$ M)	Q2 F2024	Q3 F2024	Q4 F2024	Q1 F2025	Q2 F2025	Q3 F2025	Q4 F2025	Q1 F2026
Total stock-based compensation expense (recovery)	$3.5	$4.7	$(4.3)	$3.7	$2.7	$5.1	$(2.3)	$8.4
Less: mark to market portion of stock-based compensation	(2.0)	(0.6)	(8.5)	(1.3)	(1.9)	1.4	(3.4)	3.6
Base stock-based compensation expense	**$5.5**	**$5.3**	**$4.2**	**$5.0**	**$4.6**	**$3.7**	**$1.1**	**$4.8**