

November 6, 2000

Dear Shareholder:

Re: Fiscal 2001 – Second Quarter Report

ATS Automation Tooling Systems Inc. achieved a 35% increase in consolidated revenue and a 44% increase in net earnings for its second quarter ended September 30, 2000. Earnings per share increased 36% to \$0.17 per share basic and fully diluted.

The substantial gains achieved in the quarter emphasize two points about ATS. First, the Company delivers consistently strong results, reflecting a commitment to both short and long-term performance. Second, ATS is clearly benefiting from continued execution of its strategic plan.

This strategic focus has allowed ATS to continue to meet the operational demands of investing for the future while simultaneously creating revenue growth both in traditional markets and promising new areas. Outstanding progress was made this quarter in fibre optics, healthcare and semiconductor – all targeted markets for ATS.

Quarter Highlights:

In the second quarter of fiscal 2001 ended September 30, 2000, compared to the same period last year:

- Consolidated revenue increased \$40 million to \$153 million
- New automation systems order bookings totaled \$106 million, up 19%
- Operating earnings grew to \$15 million, a 19% increase
- Net earnings increased 44% to \$10 million
- Quarter end automation systems backlog reached \$227 million, a 20% increase
- Strong progress continued to be made in the emerging fibre optics market as significant increases were achieved in revenues, bookings and backlog
- ATS was awarded its first contract to manufacture fibre optic components
- The facilities expansion plan continued on schedule as the new 158,000 square foot advanced automation systems facility in Cambridge opened

These achievements added to the strong results in the first quarter of this fiscal year. Consolidated revenue for the first half of fiscal 2001 reached \$314 million, up 43% over the same period last year. First half fiscal 2001 net earnings increased 37% to \$20 million, while basic earnings per share increased 32%.

These results, achieved during a period of rapid expansion, illustrate the underlying strength of ATS.

Revenue

Fiscal 2001 second quarter revenue benefited from ATS's ongoing diversification program, both by industrial market and by geographic territory. The fastest rate of growth was achieved in healthcare, reflecting the Company's continued success in penetrating this relatively new market for automation systems. The computer/electronics segment also showed strong growth due to the combined effects of a recovery in these markets, inroads in the semiconductor sector and growth in fibre optics revenue.

Consolidated Revenue by Industry

(\$ millions)

	Second quarter ended		
	9/30/2000	9/25/1999	% change
Automotive	\$ 63.4	\$ 62.9	1%
Computer/Electronics	66.5	39.0	71%
Healthcare	13.5	4.1	231%
Other	10.0	7.8	28%
Total	\$ 153.4	\$ 113.8	35%

The fastest growing geographic market for ATS in the quarter was Asia-Pacific where revenue increases reflected improved market conditions in the region. The U.S. & Mexico, ATS's largest geographic market, also showed robust growth, and Europe benefited from the contributions of ATS's acquisitions in Germany in July 1999, and in France in December 1999.

Consolidated Revenue by Region

(\$ millions)

	Second quarter ended		
	9/30/2000	9/25/1999	% change
Canada	\$ 10.7	\$ 14.9	(28%)
U.S. & Mexico	101.6	72.9	39%
Europe	24.4	18.6	31%
Asia-Pacific	16.7	7.4	126%
Total	\$ 153.4	\$ 113.8	35%

Revenue by Group

Revenue contribution by Automation Systems Group advanced 44% to \$120.0 million compared to \$83.6 million in the second quarter last year, driven by order backlog and continued solid order bookings in diverse industries. Excluding the effect of last year's European acquisitions, revenue contribution by Automation Systems Group increased 35%. ATS Precision Components revenue increased 10% to \$34.0 million from \$30.8 million in second quarter of fiscal 2000, primarily due to improved sales of solar products.

Operating Results

Operating earnings increased 19% compared to the second quarter of last year as the impact of strong revenue growth more than offset the increased costs associated with the Company's expansion programs. As anticipated, these planned investments increased operating costs, and consolidated operating margins were 9.7% in the period compared to 10.9% a year earlier. Specifically, the Company incurred higher labour costs and lower efficiencies primarily reflecting the rapid recruitment and training of new staff. Over the last four quarters, total automation systems employment has increased by 560 people, or 37%. Subcontracting expenses were significantly higher to help manage customer delivery schedules and grow automation systems revenue. Revenue from lower margin integration of third party equipment increased, returning to historical norms. Increases in development costs on first time automation systems were largely offset by the benefits of improved market conditions in the computer/electronics segment. The Precision Components Group generated an operating loss of \$0.5 million, reflecting a disappointing quarter at Photowatt which more than offset the positive contributions coming from our core precision components operations. The Photowatt loss reflected the impact of a month long shutdown for the traditional European summer vacation as well as lower shipments because of production equipment problems that occurred in the period. These production problems have now been resolved and ATS recently made management changes at Photowatt.

Net proceeds of \$116.7 million from the July 31, 2000 issuance of 3,450,000 common shares further strengthened the Company's balance sheet and contributed to the \$0.4 million reduction of net interest expense compared to the second quarter last year. At September 30, 2000 the Company had a debt to equity ratio of 0.10:1. This strong financial position supports the Company's continued future growth and investments. Due to changes in jurisdictional mix and corporate tax rates, the effective income tax rate of 31% in the quarter was lower than our expected long-term average rate which remains at approximately 37%.

Significant strides have been made in expanding capacity to serve our growing markets, including ongoing investment in new facilities and people. As this new capacity is integrated, we expect to see a return to better operating efficiencies and we are focused on continuing to grow our near-term earnings while making these long-term investments.

Outlook

Automation Systems Backlog by Industry (\$ millions)

	9/30/2000	9/25/1999
Automotive	\$ 69.5	\$ 83.5
Computer/Electronics	99.9	41.4
Healthcare	48.2	32.4
Other	9.8	32.1
Total	\$ 227.4	\$ 189.4

Automation systems order bookings and period end backlog further underscored the success of ATS's market diversification program. New automation systems order bookings were broadly based and totaled \$106 million in the quarter, 19% higher than last year. These solid achievements in the traditionally slower summer period resulted in a 20% increase in second quarter order backlog. Over the past year, healthcare has become established as a significant market for ATS. The 141% increase in computer/electronics backlog reflects significant progress made in fibre optics and semiconductor, two targeted growth markets for ATS.

Backlog from fibre optics customers rose to \$23 million compared to less than \$3 million a year earlier, and represented a 73% increase over the level at the start of the quarter. Revenue from fibre optics customers rose to \$5 million or 4% of automation systems revenue in the quarter.

ATS's fibre optics order flow is increasing as these companies begin to turn to automated systems to help solve their capacity issues. We see excellent prospects for additional automation orders both near-term and beyond with a number of the global leaders in this segment. Furthermore, the Company won its first Precision Components contract to supply components to a major fibre optics company. This milestone achievement is consistent with ATS's underlying strategy of adding value to our customers' businesses through our unique manufacturing capabilities in both automation systems and high volume, highly engineered precision component manufacturing. This order, while relatively small in dollar value, is an important start and we intend to demonstrate ATS's unique capabilities to win more business like this in the future.

The robust performance ATS has achieved during the first half of fiscal 2001 reflects the enduring need for automation solutions in all of our target markets, the strength of the Company's core strategies and plain hard work by our expanding team of people. Looking forward, we see continued growth in the Company's target markets based on record quotation activity across the board in both ATS Operating Groups. With a strong diversified backlog and new capacity coming on line, we are well positioned to achieve performance this year near the high end of our long-term targets of 15% to 25% growth. We have no doubt that the strategic investments we are making this year will allow us to continue to generate strong growth well into the future.

Yours sincerely,

Klaus D. Woerner (signed)
President and Chief Executive Officer

Lawrence G. Tapp (signed)
Non-Executive Chairman of the Board

Corporate Description

ATS Automation Tooling Systems Inc. is the industry's leading designer and producer of turn-key automated manufacturing and test systems, which are used primarily by multinational corporations operating in a variety of industries including: automotive, computer/electronics, healthcare, and consumer products. The Company also makes precision components and sub-assemblies using its own custom-built manufacturing systems, process knowledge and automation technology. ATS employs approximately 3,200 people at 25 facilities in Canada, the United States, Europe and Asia-Pacific. The Company's shares are traded on The Toronto Stock Exchange under the symbol ATA.

For additional information, contact Investor Relations at ATS Corporate Headquarters:

Tel: (519) 653-6500

Fax: (519) 653-6533

E-mail: investor@atsautomation.com

Website: www.atsautomation.com

Certain forward looking statements are made in this letter, including statements regarding possible future business. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including, without limitation, continued acceptance of ATS' products, technologies, customer requirements and other risks detailed from time to time in ATS' periodic reports filed with Canadian regulatory authorities. All financial information contained herein is unaudited.

ATS AUTOMATION TOOLING SYSTEMS INC.

Consolidated Statements of Earnings

(unaudited)

in thousands of dollars, except per share amounts

	twenty-six weeks ended		thirteen weeks ended	
	September 30 2000	September 25 1999	September 30 2000	September 25 1999
Revenue	\$ 314,212	\$ 219,357	\$ 153,441	\$ 113,817
Operating costs and expenses:				
Cost of revenue	240,846	162,115	117,798	84,784
Depreciation and amortization	11,592	9,769	6,024	5,067
Selling and administrative	29,734	22,816	14,802	11,541
	32,040	24,657	14,817	12,425
Other expenses (income):				
Interest on long-term debt	1,846	1,516	941	918
Other interest	(1,014)	(1,098)	(855)	(426)
	832	418	86	492
Earnings before income taxes and minority interest	31,208	24,239	14,731	11,933
Provision for income taxes	10,801	9,328	4,623	4,882
Minority interest in earnings of subsidiaries	79	80	42	48
Net earnings	\$ 20,328	\$ 14,831	\$ 10,066	\$ 7,003
Weighted average number of shares outstanding:				
Basic	57,602,358	55,540,866	58,804,614	55,585,783
Fully Diluted	59,726,133	58,037,709	60,963,589	58,103,196
Net earnings per share:				
Basic	\$ 0.35	\$ 0.27	\$ 0.17	\$ 0.13
Fully Diluted	\$ 0.34	\$ 0.26	\$ 0.17	\$ 0.12
Supplementary Segmented Information:				
Revenue:				
Automation Systems	\$ 238,122	\$ 161,344	\$ 119,955	\$ 83,619
Precision Components	77,038	58,886	33,995	30,847
Elimination of inter-segment revenue	(948)	(873)	(509)	(649)
Consolidated	\$ 314,212	\$ 219,357	\$ 153,441	\$ 113,817
Operating Income:				
Automation Systems	\$ 32,770	\$ 25,120	\$ 16,547	\$ 12,457
Precision Components	2,179	866	(522)	746
Inter-segment elimination and other corporate expenses	(2,909)	(1,329)	(1,208)	(778)
Consolidated	\$ 32,040	\$ 24,657	\$ 14,817	\$ 12,425

ATS AUTOMATION TOOLING SYSTEMS INC.

Consolidated Statements of Cash Flows (unaudited) in thousands of dollars

	twenty-six weeks ended	
	September 30 2000	September 25 1999
Cash Flows from Operating Activities:		
Net earnings	\$ 20,328	\$ 14,831
Items not involving cash	17,263	17,953
Cash flow from operations	37,591	32,784
Change in non-cash operating working capital	(45,730)	(31,142)
	(8,139)	1,642
Cash Flows from Investing Activities:		
Acquisition of interest in subsidiaries, net of cash	-	(303)
Acquisition of fixed assets	(31,448)	(8,327)
Other	(7,953)	(506)
	(39,401)	(9,136)
Cash Flows from Financing Activities:		
Bank indebtedness	(21,474)	6,065
Issuance of common shares	117,136	1,224
Long-term debt	(394)	(1,663)
Other	3,283	2,064
	98,551	7,690
Increase in cash	51,011	196
Cash and short-term investments, beginning of period	66,245	84,285
Cash and short-term investments, end of period	\$ 117,256	\$ 84,481

ATS AUTOMATION TOOLING SYSTEMS INC.

Consolidated Balance Sheets (unaudited) in thousands of dollars

	September 30 2000	March 31 2000
ASSETS		
Current assets:		
Cash and short-term investments	\$ 117,256	\$ 66,245
Accounts receivable	121,831	102,601
Costs and earnings in excess of billings on contracts in progress	171,545	138,838
Inventories	47,978	45,519
Prepaid expenses and other current assets	3,291	2,379
	461,901	355,582
Fixed assets, net	159,958	138,445
Goodwill and other intangibles, at amortized cost	45,942	45,683
Other assets	22,267	11,964
	\$ 690,068	\$ 551,674
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank indebtedness	\$ 7,298	\$ 28,772
Accounts payable and accrued liabilities	61,927	75,103
Billings in excess of costs and earnings on contracts in progress	44,705	16,083
Income taxes payable	1,775	7,645
Current portion of long-term debt	12	406
Future income taxes	18,580	17,793
	134,297	145,802
Long-term debt, less current portion	50,818	48,990
Future income taxes	11,774	6,644
Minority interest	2,215	2,102
Shareholders' equity:		
Share capital (1) (2)	322,343	200,160
Retained earnings	162,734	147,452
Cumulative translation adjustment	5,887	524
	490,964	348,136
	\$ 690,068	\$ 551,674

(1) Common Shares issued and outstanding at October 31, 2000 - 59,928,531.

(2) Common Shares outstanding under stock option plan at October 31, 2000 - 2,135,647.