



# Technology Corporation

3rd Quarter 2009  
Earnings Webcast  
October 28, 2009



# Agenda for Today

---

| <u>Page</u> | <u>Topic</u>                                      | <u>Speaker</u>  |
|-------------|---|-----------------|
| 2-4         | Introduction and Company Overview                 | Mary Ryan       |
| 6           | Consolidated Business Highlights                  | Todd R. Peters  |
| 7-9         | Segment Performance and<br>New Business Pipelines | Todd R. Peters  |
| 11-12       | Financial Review                                  | Ashoka Achuthan |
| 13          | 2009 Outlook                                      | Todd R. Peters  |
| 14-17       | Questions and Answers/Appendix                    |                 |

# Forward-looking Statements

---

Certain statements in this presentation are “forward-looking statements” (as such term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). These forward-looking statements generally include all statements other than statements of historical fact, including statements regarding our future financial position, business strategy, budgets, projected revenues and expenses, expected regulatory actions and plans and objectives of management for future operations. These statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those expressed or implied by those forward-looking statements. Some of such risks, uncertainties and other factors are contained in our periodic filings with the Securities and Exchange Commission. We disclaim any intention or obligation to update the forward-looking statements contained in this presentation.

The financial guidance as of and for the twelve-month period ending December 31, 2009 contained herein constitute forward-looking statements made as of October 28, 2009. After that date, we are not confirming, reaffirming or revising those forward-looking statements or making any assertions regarding the status of those statements or your ability to rely on them.

You should review our periodic filings with the SEC, including our Annual Report on Form 10-K for the year-ended December 31, 2008 and our Quarterly Report on Form 10-Q for the three- and nine-months ended September 30, 2009. All statements in this presentation are qualified by reference to such filings.

- **Logistics:** We are a leader in comprehensive order fulfillment, reverse logistics, test and repair, packaging, warehousing and distribution services, and transportation management for high-tech industries and products including

- Wireless devices and services
- Broadband and cable
- GPS (personal navigation devices)
- Automotive electronics



- **Drivetrain:** Remanufacturing, manufacturing and logistics services predominately to service and repair organizations of light-, medium- and heavy-duty OEMs and Tier Ones

- Transmissions, engines and related components
- Other drivetrain components
- Logistics services ("core" management)



**B2B Provider of Solutions Engineered to Deliver Quality, Efficiency and Cost Savings for Our Customers**

# Todd R. Peters President & CEO



# Q3 2009 Business Summary

- Q3 revenues of \$127.7M<sup>(1)</sup> down 8.1% from Q3 2008
- Adjusted EPS<sup>(1)(2)</sup> of \$0.64 vs. \$0.48<sup>(1)</sup> in Q3 2008
- Performance driven by
  - cost reduction and efficiency improvements in both Logistics and Drivetrain
  - contribution from new program wins in Logistics
  - services related to a customer product launch and special projects in Logistics
- Launching Engine remanufacturing programs that will partially mitigate pending loss of Honda program
- Recently won \$11M of new business, bringing YTD new business wins to \$58M
- Free cash flow and liquidity positions remain strong

<sup>(1)</sup> All amounts unaudited.

<sup>(2)</sup> Adjusted EPS is a "non-GAAP financial measure" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measure can be found in the appendix to this presentation.

**We Remain Focused on: Profitable Growth,  
Cost Structure and Liquidity**

# Logistics Segment

| \$ in millions, unaudited  | For the three months ended |                |             |               |
|----------------------------|----------------------------|----------------|-------------|---------------|
|                            | <u>9/30/09</u>             | <u>9/30/08</u> | <u>Var.</u> | <u>% Var.</u> |
| Net Sales.....             | \$89.7                     | \$94.3         | (\$4.6)     | -4.9%         |
| Segment Profit.....        | \$17.3                     | \$14.2         | \$3.1       | 21.8%         |
| <i>% of Net Sales.....</i> | <i>19.3%</i>               | <i>15.1%</i>   |             |               |

## Key Drivers

- Revenues with AT&T decreased a nominal 1.3% from Q3 2008...AT&T wireless and broadband markets continue to be strong, YTD revenues are up \$12.7M or 7.6%
- Revenues with TomTom decreased \$8.7M or 45.1%, primarily due to the system fill that benefited Q3 2008...sequentially, revenues improved 3.9%
- Revenues with all other customers increased \$5.0M or 43.0%, net
- Segment margins continue to benefit from cost reduction initiatives and a favorable mix of services, including a customer product launch and special projects

**Solid Performance Despite Challenging Economic Conditions**

# Drivetrain Segment

| \$ in millions, unaudited                    | For the three months ended |                |             |               |
|--|----------------------------|----------------|-------------|---------------|
|  | <u>9/30/09</u>             | <u>9/30/08</u> | <u>Var.</u> | <u>% Var.</u> |
| Net Sales.....                               | \$38.0                     | \$44.6         | (\$6.6)     | (14.8)%       |
| Adjusted Segment Profit <sup>(1)</sup> ..... | \$3.2                      | \$1.5          | \$1.7       | 113.3%        |
| <i>% of Net Sales.....</i>                   | <i>8.4%</i>                | <i>3.4%</i>    |             |               |

## Key Drivers

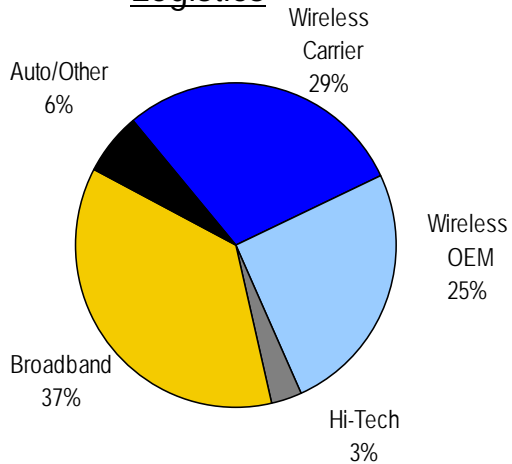
- Revenues reflect continued pressure on base business and modest contribution from new engine remanufacturing programs
- Realizing savings from 2008 consolidation and restructuring actions
- Loss of Honda transmission program will significantly impact results beginning in Q4; production will cease by year-end and will result in negative operating leverage
- Launching recently awarded Engine remanufacturing programs with Chrysler and Subaru
- Transmission remanufacturing program for Suzuki will launch in Q1 2010

(1) Adjusted Segment Profit is a "non-GAAP financial measure" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measure can be found in the appendix to this presentation.

**Targeting Segment Margins in Low Single-Digits**

# New Business Pipelines

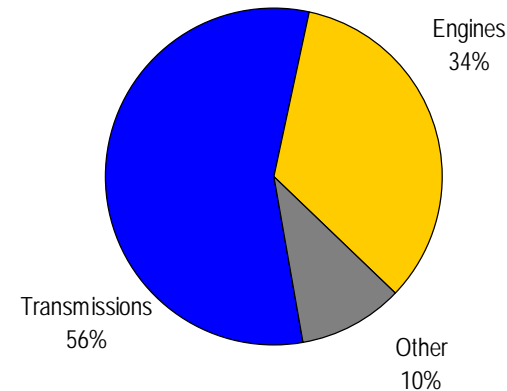
## Logistics



- 12 unique customers
- Opportunities exceed \$110M

- Value-added warehousing and distribution market exceeds \$28B
- Won \$37M of new business YTD
- Added transportation management and FTZ operations capability
- Customer relationships are strong
- Pursuing new market verticals

## Drivetrain



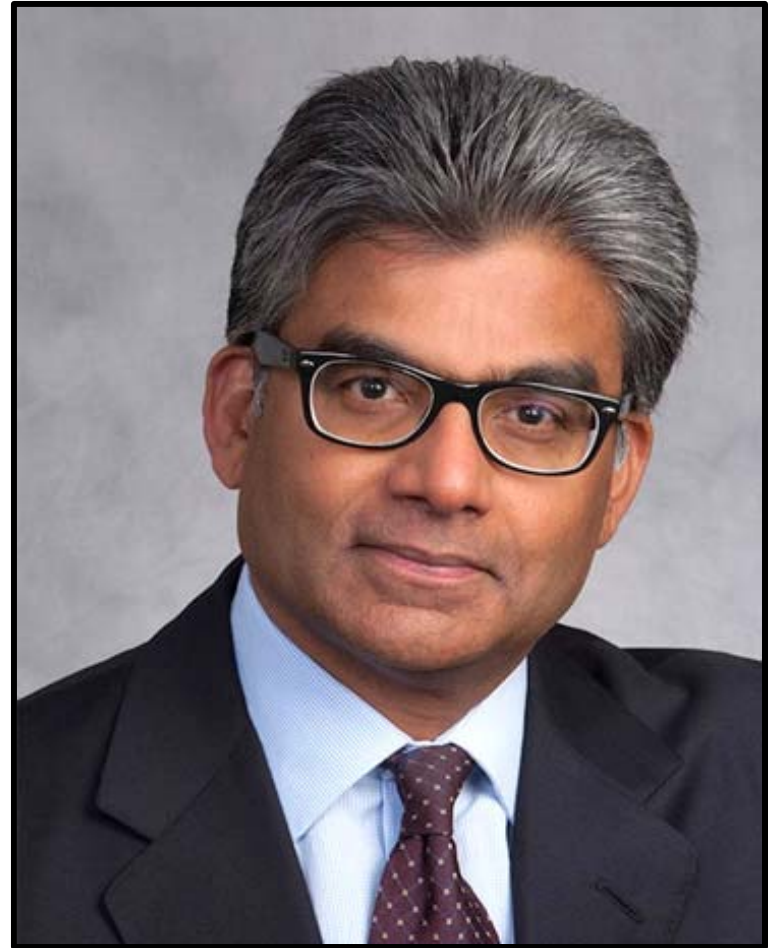
- 11 unique customers
- Opportunities exceed \$58M

- U.S. remanufactured engines and transmissions market exceeds \$6B
- Won \$21M of new business YTD including Suzuki remanufactured transmissions
- Entry into North American Engine market will open new opportunities

**Both Teams Focused on Continued Growth and Diversification**

# Ashoka Achuthan

## Vice President & CFO



# Financial Highlights

| \$ in millions except per share data, unaudited                   | Consolidated<br>For the three months ended Sept 30, |             |               |                 |
|---|---|-------------|---------------|-----------------|
|   | <u>2009</u>   | <u>2008</u> | <u>Change</u> | <u>% Change</u> |
| Net sales.....  | \$127.7   | \$138.9     | (\$11.2)      | (8.1)%          |
| Operating income.....   | \$21.5  | \$15.7      |               |                 |
| Restructuring charges (credits).....                              | <u>(\$1.0)</u>                                      | <u>----</u> |               |                 |
| Adjusted operating income <sup>(1)</sup> .....                    | \$20.5  | \$15.7      | \$4.8         | 30.6%           |
| Income from continuing operations.....                            | \$13.4  | \$10.2      |               |                 |
| Restructuring charges (credits).....                              | <u>(\$0.6)</u>                                      | <u>----</u> |               |                 |
| Adjusted income from continuing operations <sup>(1)</sup> .....   | \$12.8  | \$10.2      | \$2.6         | 25.5%           |
| Income from continuing operations, per share <sup>(2)</sup> ..... | \$0.67  | \$0.48      |               |                 |
| Restructuring charges (credits) <sup>(2)</sup> .....              | <u>(\$0.03)</u>                                     | <u>----</u> |               |                 |
| Adjusted earnings per share <sup>(1)(2)</sup> .....               | \$0.64  | \$0.48      | \$0.16        | 33.3%           |

(1) Adjusted Operating Income, Adjusted Income from Continuing Operations and Adjusted Earnings Per Share are "non-GAAP financial measures" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measures can be found in the appendix to this presentation.

(2) Per diluted share.

# Cash Flow Highlights

| \$ in millions, unaudited                                     | Consolidated                       |                |               |
|---|------------------------------------|----------------|---------------|
|   | For the nine months ended Sept 30, |                |               |
|   | <u>2009</u>                        | <u>2008</u>    | <u>Change</u> |
| <b>Adjusted Cash Flow from Operations<sup>(1)</sup></b> ..... | \$46.2                             | \$22.6         | \$23.6        |
| <b>Capital Expenditures</b> .....                             | <u>(\$5.4)</u>                     | <u>(\$9.9)</u> | <u>\$4.5</u>  |
| <b>Free Cash Flow<sup>(1)</sup></b> .....                     | \$40.8                             | \$12.7         | \$28.1        |
| <hr/>   |                                    |                |               |
| <b>Financing Activities</b> .....                             | \$71.5                             | (\$32.9)       | \$104.4       |
| <hr/>   |                                    |                |               |
| <b>Net Debt/(Cash)<sup>(2)</sup></b> .....                    | (\$59.7)                           | (\$5.5)        | \$54.2        |
| <b>Net Debt<sup>(2)</sup> /LTM EBITDA<sup>(1)</sup></b> ..... | ---                                | ---            | ---           |
| <hr/>   |                                    |                |               |
| <b>Adjusted LTM EBITDA<sup>(1)</sup></b> .....                | \$81.9                             | \$80.9         | \$0.9         |

## Key Drivers and Highlights

- Free Cash Flow remains solid
  - 2008 reflects investments to support significant new business launches
- 2009 financing activities reflect \$70M pre-emptive draw on credit facility
- Total liquidity of \$209M consists of borrowing capacity plus cash

(1) Free Cash Flow, Adjusted Cash Flow from Operations and EBITDA are "non-GAAP financial measures" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation of these to the most directly comparable GAAP measure can be found in the appendix to this presentation.

(2) Net debt/(cash) represents the summation of amounts (i) drawn on our credit facility, (ii) due to sellers of acquired companies and (iii) under capital lease obligations, less cash and cash equivalents.

| \$ in millions, except per share data                           | Full Year <sup>(1)</sup> |
|---|--------------------------|
| Net Sales.....  | \$485 - \$492            |
| Adjusted Income from Continuing Operations <sup>(2)</sup> ..... | \$42 - \$43              |
| Adjusted Earnings Per Share <sup>(2)</sup> .....                | \$2.12 - \$2.18          |
| GAAP Earnings Per Share <sup>(3)</sup> .....                    | \$0.67 - \$0.73          |
| Free Cash Flow <sup>(2)</sup> .....                             | \$50 - \$53              |

## Key Drivers

- Fourth quarter seasonal strength associated with consumer electronics markets materializes
- Continued recovery from consolidation-related inefficiencies in Drivetrain
- Launch remanufactured engine and transmission programs within cost expectations
- Continue to convert pipeline opportunities to new business wins in both Logistics and Drivetrain
  - Continue drive for Logistics growth and diversification
- No additional significant macroeconomic or regulatory-derived shocks

(1) As of October 28, 2009.

(2) Adjusted Income from Continuing Operations, Adjusted Earnings Per Share, and Free Cash Flow are "non-GAAP financial measures" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measures can be found in the appendix to this presentation.

(3) From continuing operations per diluted share.

# Questions and Answers

Todd R. Peters  
President & CEO

Ashoka Achuthan  
Vice President & CFO



# Appendix

## Reconciliation of Non-GAAP Financial Measures

Reconciliation of certain financial measures reported in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") to those presented on the basis of methodologies other than in accordance with GAAP ("non-GAAP")

(In millions, except per share amounts)

|   | Unaudited                  |                | Unaudited                   |                | Projected                   |                |
|---|----------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------|
|   | For the three months ended |                | For the twelve months ended |                | For the twelve months ended |                |
|   | 9/30/08                    | 9/30/2009      | 9/30/08                     | 9/30/09        | Low                         | High           |
| <b>Operating Income (Loss) - (GAAP basis)</b>   | \$ 15.7                    | \$ 21.5        | \$ 65.8                     | \$ (61.9)      | \$ 26.7                     | \$ 28.7        |
| Depreciation and amortization   | 3.7                        | 3.2            | \$ 15.0                     | \$ 13.5        | 13.0                        | 13.5           |
| Impairment of Goodwill  | -                          | -              | \$ -                        | \$ 116.1       | 37.0                        | 37.0           |
| Restructuring Charges (Credits)   | -                          | (1.0)          | \$ -                        | \$ 14.0        | 4.3                         | 4.3            |
| Other income, net   | (0.1)                      | 0.1            | \$ 0.1                      | \$ 0.1         | -                           | -              |
| <b>Adjusted EBITDA (non-GAAP basis)</b>   | <u>\$ 19.3</u>             | <u>\$ 23.8</u> | <u>\$ 80.9</u>              | <u>\$ 81.8</u> | <u>\$ 81.0</u>              | <u>\$ 83.5</u> |
|   | Unaudited                  |                | Unaudited                   |                | Projected                   |                |
|   | For the nine months ended  |                | For the nine months ended   |                | For the twelve months ended |                |
|   | 9/30/08                    | 9/30/2009      | 9/30/08                     | 9/30/09        | Low                         | High           |
| <b>Net Cash provided by (used in) operating activities-continuing operations (GAAP basis)</b> | \$ 8.2                     | \$ 46.2        | \$ 58.0                     | \$ 62.0        | \$ 58.0                     | \$ 62.0        |
| Normalization of Accounts Receivable due to timing of certain receipts                        | \$ 14.4                    | \$ -           | \$ -                        | \$ -           | -                           | -              |
| <b>Adjusted Cash Flow from Operations (non-GAAP basis)</b>                                    | \$ 22.6                    | \$ 46.2        | \$ 58.0                     | \$ 62.0        | \$ 58.0                     | \$ 62.0        |
| Purchases of property, plant and equipment  | (9.9)                      | (5.4)          | (8.0)                       | (9.0)          | (8.0)                       | (9.0)          |
| <b>Free Cash Flow (non-GAAP basis)</b>  | <u>\$ 12.7</u>             | <u>\$ 40.8</u> | <u>\$ 50.0</u>              | <u>\$ 53.0</u> | <u>\$ 50.0</u>              | <u>\$ 53.0</u> |

### Explanation of non-GAAP Financial Measures

The Company reports its financial results of operations in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The Company also provides non-GAAP financial information to complement its consolidated financial statements presented in accordance with GAAP. This press release includes such non-GAAP financial measures. A "non-GAAP financial measure" is defined as a numerical measure of the Company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company's financial statements.

Following is a description of the various non-GAAP financial measures used by the Company:

**Adjusted EBITDA:** Represents operating income (loss) (GAAP basis) adjusted to (i) add/(subtract) other income (expense), net, (ii) add depreciation and amortization expense, and (iii) add/(subtract) the impairment of goodwill and restructuring charges (credits).

**Adjusted Cash Flow from Operations:** Represents net cash provided by (used in) operating activities (GAAP basis) adjusted for normalization of accounts receivable due to the timing of certain large receipts

**Free Cash Flow:** Represents Adjusted Cash Flow from Operations reduced by purchases of property, plant and equipment.

The Company believes these non-GAAP financial measures provide management, investors, equity analysts and rating agencies with useful information by which to measure our performance. In addition, many of the Company's internal performance measures are based on these non-GAAP financial measures.

The Company's non-GAAP financial measures may vary from similarly titled measures of other companies because of differences in the way the measures are calculated and therefore should not be used to compare the Company's performance to that of other companies.

Whenever the Company presents non-GAAP financial measures, a reconciliation to the most directly comparable financial measure calculated and presented in accordance with GAAP is made available. The non-GAAP financial measures used by the Company are not intended to supersede or replace the Company's GAAP results or expectations.

# Appendix

## Reconciliation of Non-GAAP Financial Measures

ATC TECHNOLOGY CORPORATION

Reconciliation of certain financial measures reported in accordance with Generally Accepted Accounting Principles ("GAAP") to those presented on the basis of methodologies other than in accordance with GAAP ("non-GAAP")  
(In millions, except per share data)

|   | Actual  |                | Actual                                       |                | Actual  | Projected                                     |                |
|---|---|----------------|--|----------------|---|---|----------------|
|   | For the three months ended September 30, 2009 | 2008           | For the nine months ended September 30, 2009 | 2008           | For the twelve months ended December 31, 2008 | For the twelve months ended December 31, 2009 | High           |
|   | (Unaudited)                                   |                | (Unaudited)                                  |                | (Unaudited)                                   | Low   | (Unaudited)    |
| <b>Consolidated Data:</b>   |   |                |  |                |   |   |                |
| <b>Income (loss) from continuing operations (GAAP basis)</b>                          | \$ 13.4                                       | \$ 10.2        | \$ 4.0                                       | \$ 30.2        | \$ (22.7)                                     | \$ 13.5                                       | \$ 14.6        |
| Impairment of goodwill - Drivetrain Segment, net of tax                               | -   | -              | 26.0 (a)                                     | -              | 56.8 (b)                                      | 26.0  | 26.0           |
| Plant closure and restructuring costs (credits) - Drivetrain segment, net of tax      | (0.6)   | -              | 2.7  | -              | 6.1   | 2.7   | 2.7            |
| <b>Adjusted Income from continuing operations (non-GAAP basis)</b>                    | <b>\$ 12.8</b>                                | <b>\$ 10.2</b> | <b>\$ 32.7</b>                               | <b>\$ 30.2</b> | <b>\$ 40.2</b>                                | <b>\$ 42.2</b>                                | <b>\$ 43.3</b> |
| <b>Earnings Per Diluted Share:</b>  |   |                |  |                |   |   |                |
| <b>Income (loss) from continuing operations (GAAP basis)</b>                          | \$ 0.67                                       | \$ 0.48        | \$ 0.20                                      | \$ 1.41        | \$ (1.09)                                     | \$ 0.67                                       | \$ 0.73        |
| Impairment of goodwill - Drivetrain Segment, net of tax                               | -   | -              | 1.31   | -              | 2.69  | 1.31  | 1.31           |
| Plant closure and restructuring costs (credits) - Drivetrain segment, net of tax      | (0.03)  | -              | 0.14   | -              | 0.29  | 0.14  | 0.14           |
| Reconcilement due to share count change from Basic to Diluted                         | -   | -              | -  | -              | 0.02  | -   | -              |
| <b>Adjusted Income from continuing operations (non-GAAP basis)</b>                    | <b>\$ 0.64</b>                                | <b>\$ 0.48</b> | <b>\$ 1.65</b>                               | <b>\$ 1.41</b> | <b>\$ 1.91</b>                                | <b>\$ 2.12</b>                                | <b>\$ 2.18</b> |
| Diluted Shares Outstanding  | 19.9  | 21.0           | 19.8   | 21.4           | 21.1  | 19.9  | 19.9           |
| <b>Free Cash Flow:</b>  |   |                |  |                |   |   |                |
| <b>Net cash provided by operating activities - continuing operations (GAAP basis)</b> |   |                |  |                |   | \$ 58.0                                       | \$ 62.0        |
| Purchases of property, plant and equipment  |   |                |  |                |   | (8.0)   | (9.0)          |
| <b>Free cash flow (non - GAAP basis)</b>  |   |                |  |                |   | <b>\$ 50.0</b>                                | <b>\$ 53.0</b> |
| <b>Drivetrain Segment Data:</b>   |   |                |  |                |   |   |                |
| <b>Segment profit (loss) (GAAP basis)</b>   | \$ 4.2  | \$ 1.5         | \$ (35.2)                                    | \$ 7.1         | \$ (81.3)                                     | \$ (35.3)                                     | \$ (35.3)      |
| Impairment of goodwill - Drivetrain Segment   | -   | -              | 37.0   | -              | 79.1  | 37.0  | 37.0           |
| Plant closure and restructuring costs (credits) - Drivetrain segment                  | (1.0)   | -              | 4.3  | -              | 9.7   | 4.3   | 4.3            |
| <b>Adjusted Segment profit (non-GAAP basis)</b>                                       | <b>\$ 3.2</b>                                 | <b>\$ 1.5</b>  | <b>\$ 6.1</b>                                | <b>\$ 7.1</b>  | <b>\$ 7.5</b>                                 | <b>\$ 6.0</b>                                 | <b>\$ 6.0</b>  |

## Reconciliation of Non-GAAP Financial Measures

### **Explanation of non-GAAP financial measures:**

The Company reports its financial results of operations in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”). The Company also provides non-GAAP financial information to complement its consolidated financial statements presented in accordance with GAAP. This press release includes such non-GAAP financial measures. A "non-GAAP financial measure" is defined as a numerical measure of the Company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company's financial statements.

Following is a description of the various non-GAAP financial measures used by the Company:

Adjusted Income From Continuing Operations: Represents income (loss) from continuing operations (GAAP basis) adjusted to exclude, on an after-tax basis, (i) the Drivetrain impairment of goodwill charges and (ii) the Drivetrain plant closure and restructuring costs.

Adjusted Income From Continuing Operations Per Diluted Share: Represents income (loss) from continuing operations per share (GAAP basis) adjusted to exclude, on an after-tax basis per diluted share, (i) the Drivetrain impairment of goodwill charges and (ii) the Drivetrain plant closure and restructuring costs.

Adjusted Segment profit: Represents segment profit (loss) (GAAP basis) adjusted to exclude (i) the Drivetrain impairment of goodwill charges and (ii) the Drivetrain plant closure and restructuring costs.

Free Cash Flow: Represents net cash provided by operating activities – continuing operations reduced by purchases of property, plant and equipment.

The Company believes these non-GAAP financial measures provide management, investors, equity analysts, and rating agencies with useful information by which to measure our performance. In addition, many of the Company's internal performance measures are based on these non-GAAP financial measures.

The Company's non-GAAP financial measures may vary from similar titled measures of other companies because of differences in the way the measures are calculated and therefore should not be used to compare the Company's performance to that of other companies.

Whenever the Company presents non-GAAP financial measures, a reconciliation to the most directly comparable financial measure calculated and presented in accordance with GAAP is made available. The non-GAAP financial measures used by the Company are not intended to supercede or replace the Company's GAAP results or expectations.



# Technology Corporation

