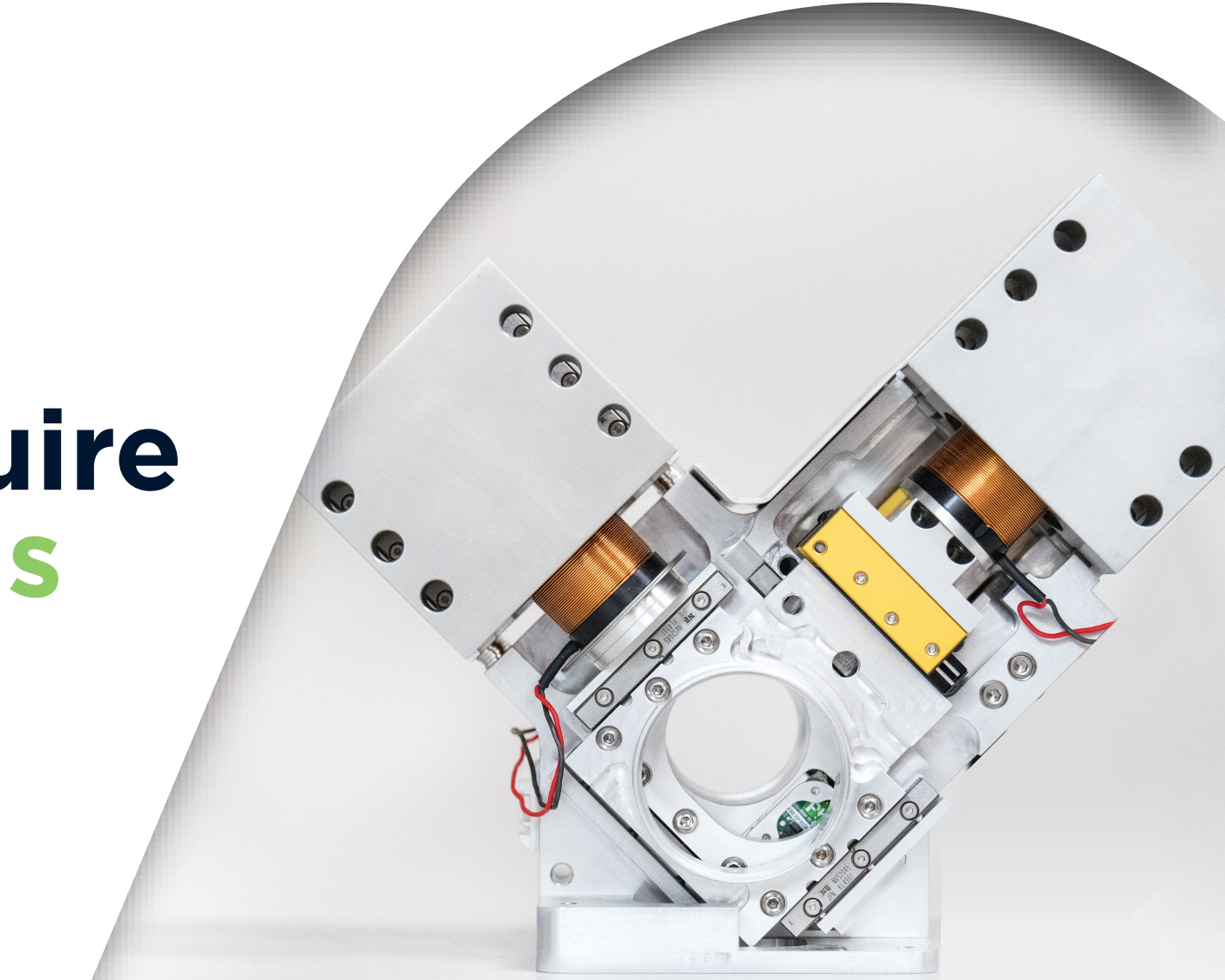
Novanta

ANNOUNCEMENT

Novanta to acquire Motion Solutions

NOVEMBER 14, 2023

NASDAQ: NOVT



Safe Harbor Statement

Certain statements in this presentation, including those related to the Motion Solutions acquisition, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and are based on current expectations and assumptions that are subject to risks and uncertainties which may cause results to differ materially from those set forth in this presentation. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking statements, and are generally identified by words such as “expect,” “intend,” “anticipate,” “estimate,” “believe,” “future,” “could,” “should,” “plan,” “aim,” and other similar expressions.

These forward-looking statements include, but are not limited to, statements regarding the ability of the parties to consummate the proposed transaction in the first quarter of 2024 or at all; the ability of the parties to satisfy the conditions precedent to consummation of the proposed transaction, including the ability to secure the applicable regulatory approvals on the terms expected, at all or in a timely manner; the Company’s ability to successfully integrate Motion Solutions, and ability to implement its plans, forecasts and other expectations with respect to Motion Solutions’ business after the completion of the acquisition and realize expected synergies; the effect of the announcement of the proposed transaction on the ability of Motion Solutions to retain and hire key personnel and maintain relationships with its key business partners and customers, and others with whom it does business, or on its operating results and businesses generally; risks associated with the disruption of Motion Solutions’ management's attention from ongoing business operations due to the proposed transaction; significant costs associated with the proposed transaction; sources of funding for the Motion Solutions acquisition; our expectation that Motion Solutions expands Novanta’s position in medical and life science markets, such as spatial biology, genomics, proteomics, medical robotics, and lab automation; our expectation that the Motion Solutions acquisition will create stronger partnerships with the Company’s original equipment manufacturer customers to help the Company accelerate its strategic goals with an ability to cross sell to mutual customers; Motion Solutions’ expected 2023 revenues; the acquisition’s expected return on investment capital and impact on the Company’s gross margin; the Company’s expectation that the Motion Solutions acquisition will be accretive to its revenue growth; and other statements that are not historical facts.

Other important risk factors that could affect the outcome of the events set forth in these statements and that could affect the Company’s operating results and financial condition are discussed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as updated by our Quarterly Report on Form 10-Q for the quarterly period ended September 29, 2023 and other subsequent filings with the Securities and Exchange Commission ("SEC").

Actual results, events and performance may differ materially from those anticipated in these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Such statements are based on the Company’s beliefs and assumptions and on information currently available to the Company. Please also see “Safe Harbor and Forward-Looking Information” in the Company’s most recent Form 8-K filed with the SEC regarding this proposed acquisition for more information. The Company neither updates nor confirms any guidance regarding the future operating results of the Company which may have been given prior to this presentation and disclaims any obligation to publicly update or revise any information included in this release or any forward-looking statements as a result of developments occurring after the date of this document except as required by law.

Motion Solutions Profile

Trusted engineering partner to market-leading OEMs in medical, life sciences, and advanced industrial applications.



~$85M

ANNUAL SALES

8% TO 10% CAGR



~65%

MEDICAL / LIFE SCIENCES



>110

EMPLOYEES

MOTION SOLUTIONS

MOTION SOLUTIONS OVERVIEW

Trusted engineering partner to market-leading OEMs in medical, life sciences, and advanced industrial applications.

Designs and manufactures high-precision, customized subsystems and components

Proprietary competences in precision motion and advanced motion subsystem control and automation solutions.



DEAL RATIONALE

Deepens presence into secular growth precision medicine applications

Offers new **intelligent subsystems** through combined Novanta and Motion Solution capabilities

Strong business model and culture fit

Great **team**

Transaction offers **attractive returns**

Outstanding Strategic Fit

Deepens Presence in Precision Medicine

New subsystem solution capability, targeting life sciences, spatial biology, proteomics, single cell and DNA applications

Increases opportunity to design into long-cycle, sticky applications with secular and structural long-term growth

Increases Novanta's Subsystem Capability and Exposure

Increases proprietary IP around intelligent precision motion subsystems

Adds deep Precision Medicine and Precision Manufacturing application knowledge



Increases Value of Novanta's Solutions Offering

Designed into OEM systems on a sole source basis

Offer new solutions through combined Novanta and Motion Solution capabilities

Key Customer Growth and Channel Expansion

Synergistic with existing Novanta customer base

Opens new opportunities to expand into leading precision medicine OEM customers

Improves Precision Medicine competency of Novanta's salesforce

Strong Presence in Medical and Life Science



Intelligent Motion Subsystems are Critical for sample positioning and alignment in Medical and Life Science Applications

Deep, long-term OEM customer partnerships enabled by strong engineer-to-engineer relationships

History of quality and reliability leading to higher, stickier content with OEM next-gen systems

STRONG LONG-TERM PARTNERSHIP WITH LEADING OEM CUSTOMERS

Attractive Secular Growth Profile



Motion Solutions serves large, attractive markets with strong, durable tailwinds

LIFE SCIENCES

HSD to LDD market growth outlook

Transform disease research (e.g. oncology), drug discovery, and clinical development

MEDICAL DEVICES

MSD to HSD market growth outlook

Penetration of robotic surgery and automated medical equipment

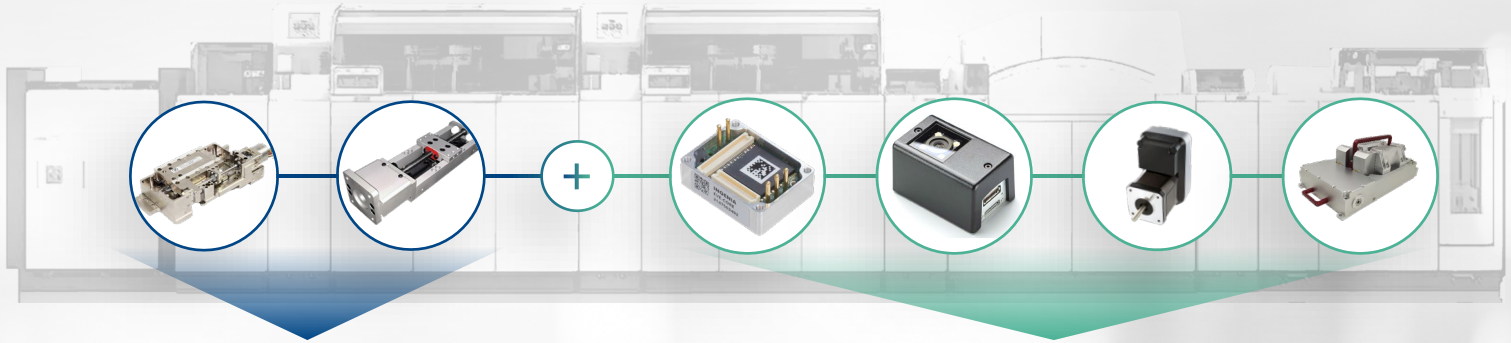
AUTOMATION

HSD to LDD market growth outlook

Complexity of manufacturing and lab processes

MOTION SOLUTIONS: 8% TO 10% CAGR
ACCRETIVE TO NOVANTA'S LONG-TERM GROWTH PROFILE

Expands Solutions Offering for Attractive Customer Base



MOTION SOLUTIONS

Precision Motion

(sample movement and alignment)

Novanta

Current technology offerings

(light engine subsystems, position sensors, drives, motors, machine vision, RFID)

COMPLEMENTARY CAPABILITIES WITH POTENTIAL FOR INTEGRATION INTO INTELLIGENT SUBSYSTEMS/MODULES

Increasing content and breadth of Novanta's intelligent solutions in high growth applications

Expands intelligent subsystem solutions into high-growth Precision Medicine, Medical, and Precision Manufacturing applications

Strong synergy with existing Novanta customer base and new relationships in long design in cycle customers in Precision Medicine

Adds New Talent and Capabilities





CAPABILITIES

~110 employees, including significant engineering competencies

+300 years of aggregate design experience in engineering team

Close collaboration with customer R&D and engineering teams

Market reputation for electromechanical expertise, with active presence in industry forums





FACILITY

Headquartered in Irvine, California, with new cutting-edge facility

Located in close proximity to large Life Science and Medical customer base

Large clean room capacity, dedicated R&D labs

Rapid prototyping capabilities

Large-assembly capabilities

Financial Highlights

$189M UPFRONT PURCHASE PRICE

~$85M ANNUAL SALES

~12x ADJ. EBITDA MULTIPLE



FINANCIAL PROFILE

ROIC +10% by Year 3

Revenue growth rate accretive

Adj. Gross Margin % dilutive Year 1

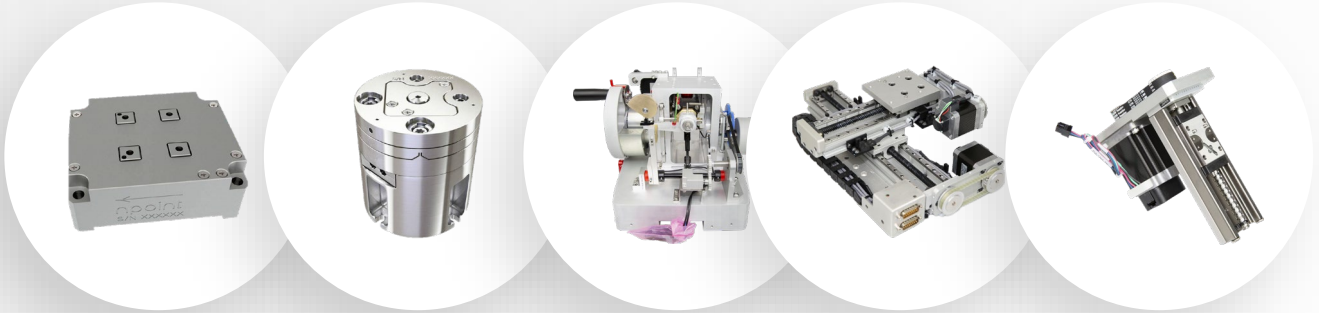
Expected to close in 1Q24, financed through credit facility @ 6.6% cost of debt

Thank You

Motion Solutions Product Offerings

ADVANCED MOTION SUBSYSTEMS

Customized Solutions, Precision Stages, Piezo Stages



PRECISION MOTION COMPONENTS

Controls, Drives, Motors, Gearheads, Sensors, Safety

