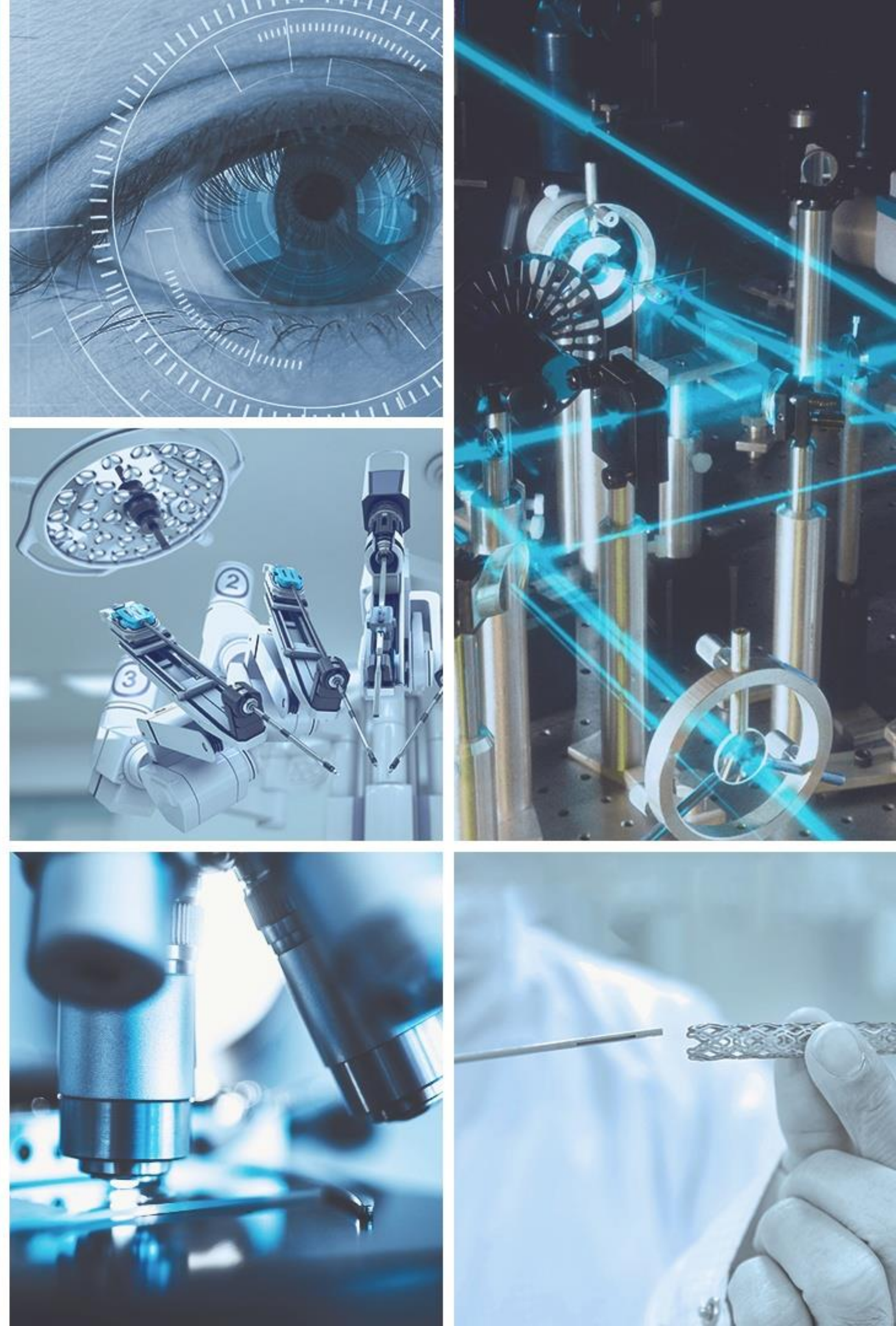
Novanta

A Trusted Technology Partner to Medical and Advanced Technology Equipment Manufacturers

January 2019

Nasdaq: NOVT



SAFE HARBOR STATEMENT

The statements in this presentation that relate to guidance, pro forma presentations, future plans, goals, business opportunities, and future events or performance are forward-looking statements that involve risks and uncertainties, including risks associated with business and economic conditions, failure to achieve expected benefits of acquisitions, failure to comply with Food and Drug Administration regulations, customer and/or supplier contract cancellations, manufacturing risks, competitive factors, ability to successfully introduce new products, uncertainties pertaining to customer orders, demand for products and services, growth and development of markets for the Company's products and services, and other risks identified in our filings made with the Securities and Exchange Commission ("SEC"). Actual results, events and performance may differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. The Company disclaims any obligation to update these forward-looking statements as a result of developments occurring after the date of this presentation. Readers are encouraged to refer to the risk disclosures included in the Company's Form 10-K for the year ended December 31, 2017 and subsequent quarterly filings with the SEC, as applicable. Please see "Safe Harbor and Forward-Looking Information" in the Company's most recent quarterly earnings release Form 8-K filing for more information.

In this presentation, we present the non-GAAP financial measures of Adjusted Revenue, Adjusted Diluted EPS, and Adjusted EBITDA. Please see "Use of Non-GAAP Financial Measures" in the accompanying appendix and our third quarter 2018 earnings press release for the reasons why we use these measures, a reconciliation of these measures to the most directly comparable GAAP measures, and other information relating to these measures.

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.

COMPANY OVERVIEW

Leader in Mission Critical Technologies to Medical & Advanced Industrial Markets

+$645M
annual revenue
with ~60% outside the US

+$131M
in adjusted EBITDA
+$2.30 adjusted diluted EPS

+$4.5B
addressable market
with 5%–7% CAGR

Note: Revenue, Adjusted EBITDA and Adjusted Diluted EPS figures are based on the range for 2019 full–year outlook provided on January 8, 2019. The Company neither updates nor confirms this forward-looking guidance.
Note: Adjusted EBITDA & Adjusted Diluted EPS are Non-GAAP measures. See explanations for use of non-GAAP measures in the appendix.

Novanta Operating Model

DIFFERENTIATED OEM BUSINESS MODEL	FOCUS ON CASH RETURNS	HIGH PERFORMANCE GROWTH CULTURE
Highly engineered "sticky" solutions based on proprietary technology	Novanta Growth System: operational excellence	Novanta Growth System: innovation & commercial excellence
Imbedded in ~10 year customer platforms	Disciplined capital allocation based on ROIC	Owner mindset through autonomous business units
Diversified across +40 end-market applications	Strategic and disciplined M&A	Collaborative and performance based culture

Novanta

Value Creation Approach

Multiple drivers

FOCUS ON HIGH GROWTH MARKETS

Niche leadership in secular growth markets

Balanced across multiple end markets

EXECUTE ON VALUE-CREATING M&A

Disciplined and cash returns-focused

DRIVE CONSISTENT ORGANIC GROWTH

Product innovation

Global presence

Increasing content with OEMs

OPERATE “THE NOVANTA WAY”

Novanta Growth System

Culture & people

Novanta Operating Groups and Businesses

Pro Forma for completed acquisitions

40% PHOTONICS

CAMBRIDGE TECHNOLOGY
A Novanta Company

Galvanometer
Optical scanners

Scanhead solutions

Laser QUANTUM
A Novanta Company

Visible CW lasers

Laser beam
delivery sub-systems

SYNRAD
A Novanta Company

Low-power CO2 lasers for
fine material processing

40% VISION

DETECTION & ANALYSIS

JADAK
A Novanta Company

RFID, barcode scanning
and machine vision

MINIMALLY INVASIVE SURGERY

WOM
A Novanta Company

Insufflators, pumps
and disposables

NDS
A Novanta Company

Endoscopic visualization

Integrated OR solutions

20% PRECISION MOTION

Celera MOTION
A Novanta Company

Position detection
sensors

Integrated motion
solutions

Drive Consistent Organic Growth

LEVERAGE GROWTH CAPABILITIES

Product Innovation	+400 engineers ~9% of revenue invested in R&D +400 Patents
Global Presence	Application & engineering focused salesforce in key local markets Opportunity for deepening presence outside the US Global manufacturing & global R&D footprint
Increasing Content with OEMs	Forward integration, from component to sub-system, in OEM platforms Driving additional component / technology content from breadth of portfolio

Focus on High Growth Markets

Where you play matters

	INDUSTRY 4.0: FACTORY OF THE FUTURE	**MEDICAL:** VALUE BASED HEALTHCARE
Key Secular Growth Drivers	Factory floor and warehouse automation High precision production technologies Quality control & characterization	Personalized medicine Lower costs with better outcomes Greater accuracy and higher throughput
Example End Markets	Metals Additive Manufacturing Robotics & Automation Metrology & Inspection	Minimally Invasive Surgery Robotic Surgery DNA Sequencing

HIGH GROWTH MARKETS + REGULATORY REQUIREMENTS + WORKFLOW EFFICIENCY

Novanta

How We Win in Attractive End Markets

PRECISION ROBOTICS

+$17 Billion Systems Market

Growing between 15%-25% CAGR

The share of manufacturing tasks performed by robots is expected to rise from 10% to 25% by 2025[1]

NOVANTA SOLUTION

Highest accuracy, smallest form factor adjacent motor and encoder components which can be specifically customized in high performance niche industrial robotics and automation applications

Multiple encoder offerings which are well-suited to both clean environments and dirty/extreme environments

COMPONENTS

SUB-SYSTEMS

INCREASE IN VALUE CHAIN

Novanta

[1] BCG, The Robotics Revolution, Sept 2016

How We Win in Attractive End Markets

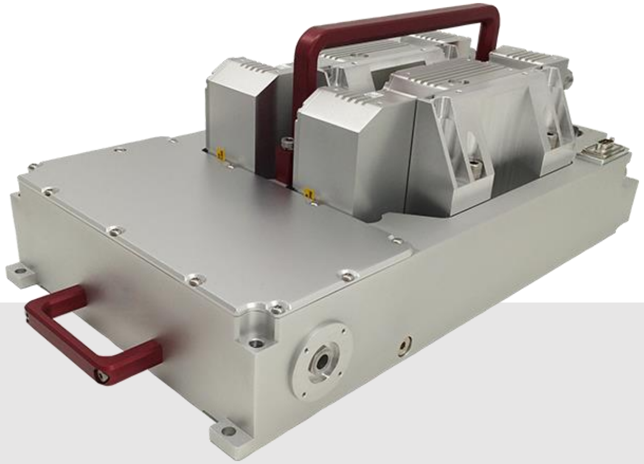
DNA SEQUENCING

$28 billion systems market

+8% growth market

Clinical acceptance and adoption accelerating through new applications

Critical need for ultra-precise photonics solutions that can handle high throughput of samples



NOVANTA SOLUTION

Combine light source and beam delivery into a larger sub-system, an optical light engine

By increasing content for our customers, we enable them to focus on their core competencies

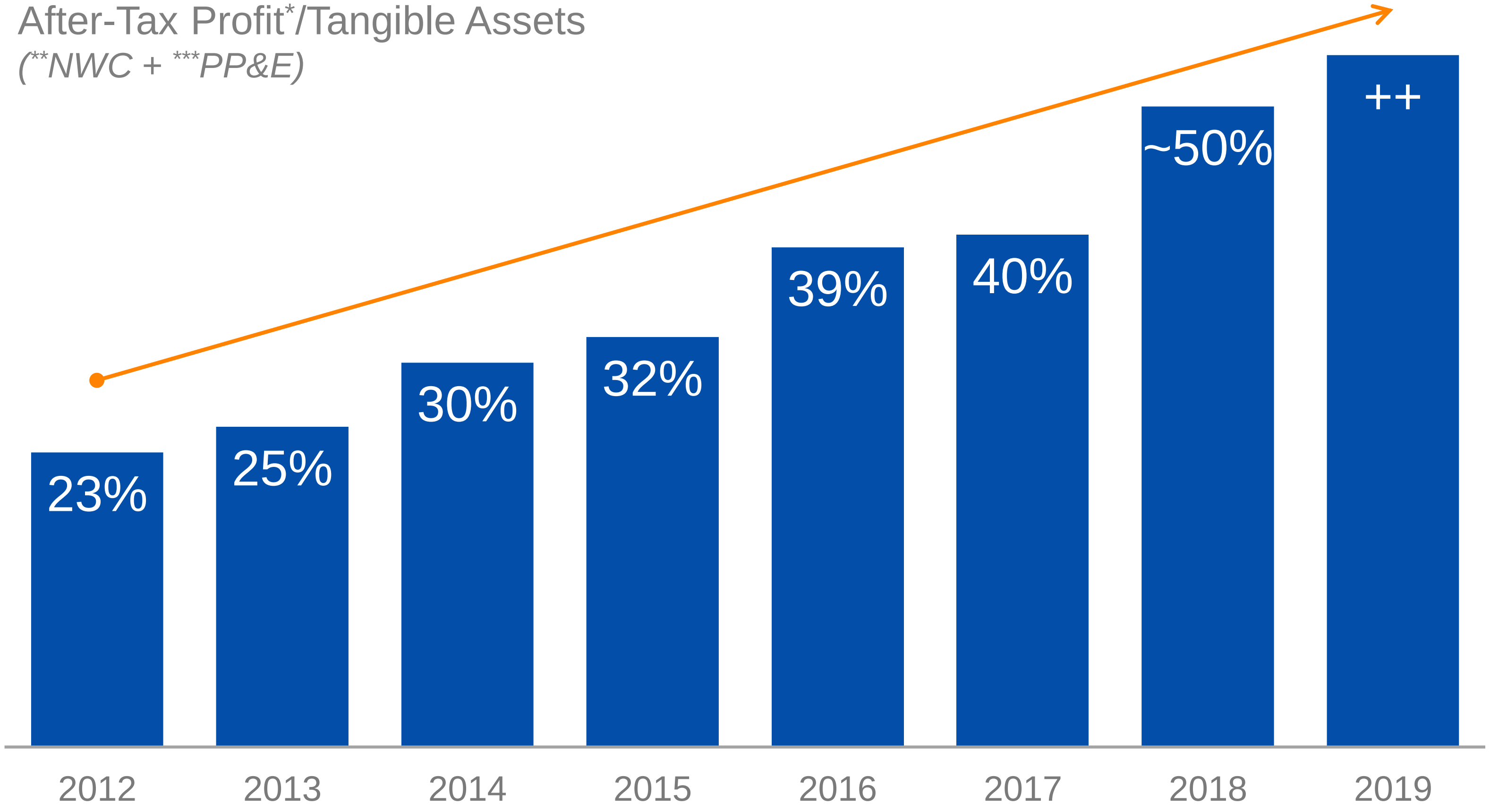
Novanta

Execute on Value-Creating M&A

Novanta

Drive Cash Flow Returns

Cash Return on Investment
After-Tax Profit*/Tangible Assets
*(**NWC + ***PP&E)*



TARGETS

~4%
Net productivity per year

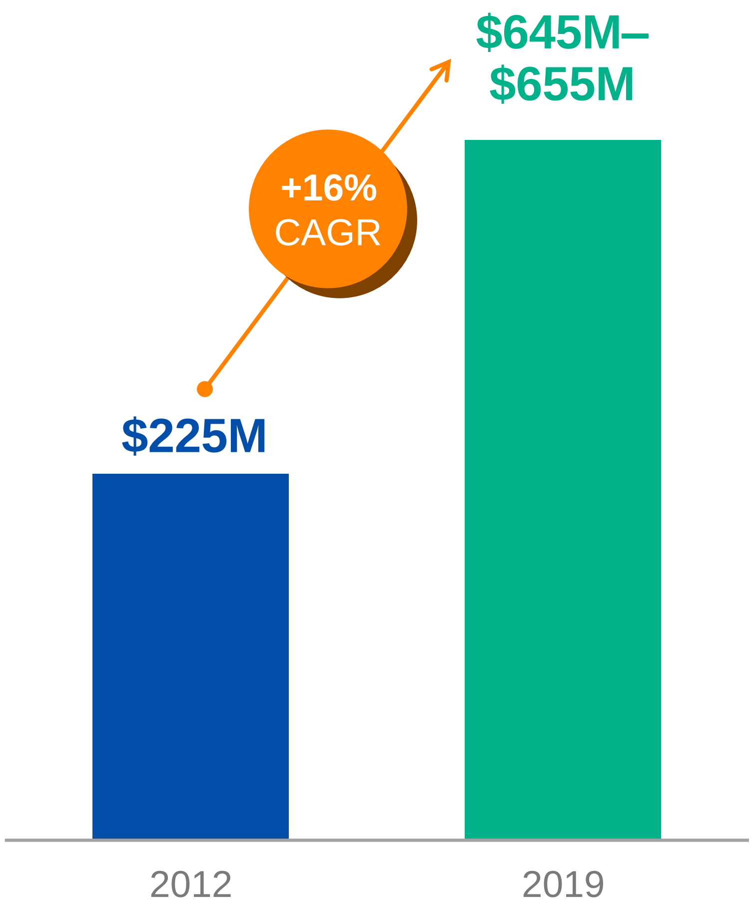
15%
of sales net working capital

* After-Tax Profit is a non-GAAP measure, which excludes depreciation and amortization costs
** Defined as Inventory, Accounts Receivable and Accounts Payable
*** Property, plant and equipment, excluding capital leases

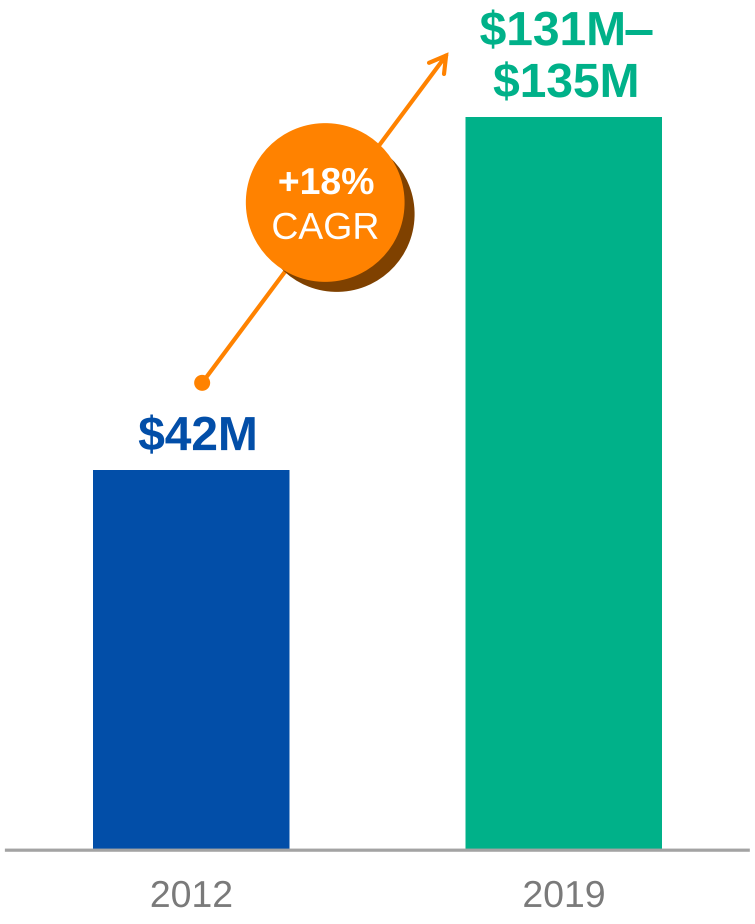
Note: 2018 Cash Return on Investment is based on the full–year guidance provided on November 6, 2018. The Company neither updates nor confirms this forward-looking guidance.

Deliver Consistent Financial Results

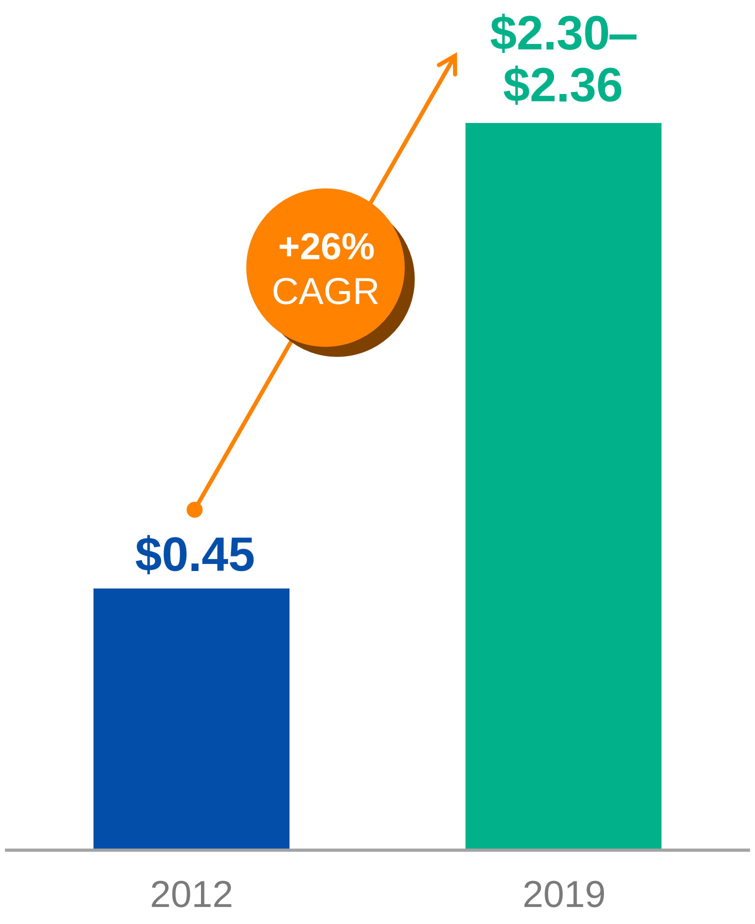
ADJUSTED REVENUE



ADJUSTED EBITDA



ADJUSTED DILUTED EPS



Note: Adjusted Revenue, Adjusted EBITDA & Adjusted Diluted EPS are non-GAAP measures. See explanations for use of non-GAAP measures in the appendix.
Note: The Company neither updates nor confirms 2019 full-year outlook provided on January 8, 2019.

2020 Strategic Direction

Leader in intelligent mission critical and enabling technologies

1. **BREAKTHROUGH SCALE**
   Double annual revenue to $750M

2. **GLOBAL MARKET LEADERSHIP**
   "Top 2" share position globally

3. **SUPERIOR PROFITABILITY**
   Deliver +20% adjusted EBITDA, with diversified businesses

4. **CONSISTENT GROWTH**
   5–7% organic growth and +50% of revenue in medical markets

5. **REPUTATION FOR EXCELLENCE**
   Widely recognized as a world class operating company

ABOUT NOVANTA

Novanta is a leading global supplier of core technology solutions that give medical and advanced industrial original equipment manufacturers (“OEMs”) a competitive advantage. We combine deep proprietary technology expertise and competencies in photonics, vision, and precision motion with a proven ability to solve complex technical challenges. This enables Novanta to engineer core components and sub-systems that deliver extreme precision and performance, tailored to our customers' demanding applications. The driving force behind our growth is the team of innovative professionals who share a commitment to innovation and customer success. Novanta's common shares are quoted on Nasdaq under the ticker symbol “NOVT.”

APPENDIX

Nasdaq: NOVT

USE OF NON-GAAP

The non-GAAP financial measures used in this presentation are non-GAAP Adjusted Revenue, Adjusted EBITDA, and Adjusted Diluted EPS from continuing operations.

The Company believes that these non-GAAP financial measures provide useful and supplementary information to investors regarding the Company's operating performance. It is management's belief that these non-GAAP financial measures would be particularly useful to investors because of the significant changes that have occurred outside of the Company's day-to-day business in accordance with the execution of the Company's strategy. This strategy includes streamlining the Company's existing operations through site and functional consolidations, strategic divestitures and product line closures, expanding the Company's business through significant internal investments, and broadening the Company's product and service offerings through acquisition of innovative and complementary technologies and solutions. The financial impact of certain elements of these activities, particularly acquisitions, divestitures, and site and functional restructurings, is often large relative to the Company's overall financial performance, which can adversely affect the comparability of its operating results and investors' ability to analyze the business from period to period.

Adjusted Revenue excludes the JK Lasers business to only show the results of ongoing operations of the Company as the JK Lasers business was sold in April 2015. We excluded JK Lasers sales from Adjusted Revenue because divestiture activities can vary between reporting periods and between us and our peers, which we believe make comparisons of long-term performance trends difficult for management and investors, and could result in overstating or understating to our investors the performance of our operations. Additionally, we include estimated revenue from contracts acquired with business acquisitions that will not be fully recognized due to business combination rules. Because GAAP accounting rules require the elimination of this revenue, GAAP results alone do not fully capture all of our economic activities. These non-GAAP adjustments are intended to reflect the full amount of such revenue.

The Company defines Adjusted EBITDA as operating income (loss) from continuing operations before deducting depreciation, amortization, non-cash share-based compensation, restructuring, acquisition, divestiture and other costs, impairment of goodwill and intangible assets, acquisition fair value adjustments, CEO transition costs and inventory related charges associated with product line closures. The Company's Adjusted EBITDA is used by management to evaluate operating performance internally, communicate financial results to the Board of Directors, benchmark results against historical performance and the performance of peers, and evaluate investment opportunities including acquisitions and divestitures. In addition, Adjusted EBITDA is used to determine bonus payments for senior management and employees. Accordingly, the Company believes that this non-GAAP measure provides greater transparency and insight into management's method of analysis.

Adjusted Diluted EPS from Continuing Operations excludes amortization of acquired intangible assets and revenue fair value adjustments related to business acquisitions, restructuring, acquisition, divestiture, and other costs, inventory related charges associated with product line closures, CEO transition costs, the gain on sale of JK Lasers and the related unrealized foreign exchange loss on the U.S. dollar sales proceeds held by our U.K. subsidiary, impairment of goodwill and intangible assets, gain on acquisition of business, significant non-recurring income tax expenses (benefits) related to releases of valuation allowance, effects of changes in tax laws, income tax audit settlements, effects of acquisition related tax planning actions on our effective tax rate, and the income tax effect of non-GAAP adjustments. In addition, the Company excluded the adjustment of redeemable noncontrolling interest to estimated redemption value as: (1) the adjustment is unusual; (2) the amount is noncash; (3) the amount is excluded from the determination of net income attributable to Novanta Inc.; and (4) the Company believes that it may not be indicative of future adjustments and that investors may benefit from an understanding of the Company's results without giving effect to this adjustment. The Company also uses Adjusted Diluted EPS as a performance measurement for performance shares issued to certain executives.

Non-GAAP financial measures should not be considered as substitutes for, or superior to, measures of financial performance prepared in accordance with GAAP. They are limited in value because they exclude charges that have a material effect on the Company's reported results and, therefore, should not be relied upon as the sole financial measures to evaluate the Company's financial results. The non-GAAP financial measures are meant to supplement, and to be viewed in conjunction with, GAAP financial measures. Investors are encouraged to review the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures as provided in the tables accompanying this document.

Non-GAAP Reconciliation

	Twelve Months Ended						Nine Months Ended
	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	September 28, 2018
ADJUSTED REVENUE	*(in thousands of dollars)*						
Revenue (GAAP)	**$243,796**	**$316,910**	**$364,706**	**$373,598**	**$384,758**	**$521,290**	**$458,159**
JK Lasers divestiture	(19,200)	(19,051)	(22,425)	(5,731)	-	-	-
Acquisition fair value adjustments	-	275	220	143	32	-	-
Adjusted Revenue (Non-GAAP)	**$224,596**	**$298,134**	**$342,501**	**$368,010**	**$384,790**	**$521,290**	**$458,159**

	Twelve Months Ended						Nine Months Ended
	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	September 28, 2018
ADJUSTED EBITDA	*(in thousands of dollars)*						
Operating income (loss) from continuing operations (GAAP)	**$20,798**	**$19,951**	**$(16,729)**	**$29,304**	**$32,955**	**$57,566**	**$55,337**
Depreciation and amortization	12,458	19,570	23,797	19,114	20,357	30,758	27,386
Share-based compensation	4,534	5,442	4,329	4,387	4,293	5,493	5,475
Impairment of goodwill and intangible assets	-	-	41,442	-	-	-	-
Restructuring, acquisition, divestiture and other costs	4,369	5,387	3,091	8,273	7,945	7,542	4,805
Inventory related charges for discontinuation of radiology products	-	-	-	-	1,370	-	-
Acquisition fair value adjustments	-	965	596	358	205	4,754	-
CEO transition costs	-	-	-	-	1,306	-	-
Adjusted EBITDA (Non-GAAP)	**$42,159**	**$51,315**	**$56,526**	**$61,436**	**$68,431**	**$106,113**	**$93,003**

Novanta

Non-GAAP Reconciliation

	Twelve Months Ended						Nine Months Ended
	December 31, 2012*	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	September 28, 2018
ADJUSTED DILUTED EARNINGS PER SHARE	*(in thousands of dollars or shares, except per share amounts)*						
Net income (loss) attributable to Novanta Inc. (GAAP)	**$22,474**	**$9,977**	**$(16,909)**	**$35,628**	**$22,003**	**$60,051**	**$37,465**
Less: Adjustment of redeemable noncontrolling interest to estimated redemption value	-	-	-	-	-	(20,244)	1,781
Net income (loss) attributable to Novanta Inc. after adjustment of redeemable noncontrolling interest to estimated redemption value	**$22,474**	**$9,977**	**$(16,909)**	**$35,628**	**$22,003**	**$39,807**	**$39,246**
Diluted EPS from Continuing Operations (GAAP)	**$0.66**	**$0.29**	**$(0.49)**	**$1.02**	**$0.63**	**$1.13**	**$1.11**
Adjustment of redeemable noncontrolling interest to estimated redemption value	-	-	-	-	-	20,244	(1,781)
Net income (loss) attributable to Novanta Inc.	**$22,474**	**$9,977**	**$(16,909)**	**$35,628**	**$22,003**	**$60,051**	**$37,465**
Non-GAAP adjustments:							
Amortization of intangible assets	5,815	12,550	16,405	12,323	12,415	20,920	18,999
Restructuring, divestiture and other costs	8,051	3,757	1,570	6,970	2,970	346	1,125
Acquisition related costs	791	1,630	1,522	1,303	4,975	7,196	3,680
Acquisition fair value adjustments	-	965	596	358	205	4,754	-
Inventory related charges for discontinuation of radiology products	-	-	-	-	1,370	-	-
CEO transition costs	-	-	-	-	1,306	-	-
Impairment of goodwill and intangible assets	-	-	41,442	-	-	-	-
Gain on JK Lasers sale	-	-	-	(19,629)	-	-	-
Unrealized foreign currency loss on JK Lasers sales process	-	-	-	1,350	-	-	-
Gain on acquisition of business	-	-	-	-	-	(26,409)	-
Total Non-GAAP adjustments before income taxes	14,657	18,902	61,535	2,675	23,241	6,807	23,804
Tax effect of Non-GAAP adjustments	(5,654)	(6,665)	(15,717)	(4,636)	(5,668)	(9,641)	(4,710)
Non-GAAP tax adjustments	(16,004)	(858)	(871)	(1,171)	(1,465)	(759)	(5)
Adjusted Income from Continuing Operations (Non-GAAP)	**$15,473**	**$21,356**	**$28,038**	**$32,496**	**$38,111**	**$56,458**	**$56,554**
Adjusted Diluted EPS from Continuing Operations (Non-GAAP)	**$0.45**	**$0.62**	**$0.81**	**$0.93**	**$1.09**	**$1.60**	**$1.59**
Weighted-average shares outstanding, Diluted	33,936	34,396	34,769	34,827	34,914	35,280	35,485

*Adjusted Diluted EPS was not updated for the Scientific Lasers divestiture. Management determined that revising the Adjusted Diluted EPS figures would not have resulted in a material change.

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