



*Motion Solutions that Change the Game*

# ROTH Capital Virtual London Conference

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June 22, 2021

Dick Warzala  
Chairman, President & CEO

Mike Leach  
Chief Financial Officer

# Safe Harbor Statement

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*The statements in these slides that relate to future plans, events or performance are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements. Examples of forward-looking statements include, among others, statements the Company makes regarding expected operating results, anticipated levels of capital expenditures, the Company's belief that it has sufficient liquidity to fund its business operations, and expectations with respect to the conversion of backlog to sales. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the Company's current beliefs, expectations and assumptions regarding the future of the Company's business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Company's control. The Company's actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, general economic and business conditions, conditions affecting the industries served by the Company and its subsidiaries, conditions affecting the Company's customers and suppliers, competitor responses to the Company's products and services, the overall market acceptance of such products and services, the pace of bookings relative to shipments, the ability to expand into new markets and geographic regions, the success in acquiring new business, the impact of changes in income tax rates or policies, the severity, magnitude and duration of the COVID-19 pandemic, including impacts of the pandemic and of businesses' and governments' responses to the pandemic on our operations and personnel, and on commercial activity and demand across our and our customers' businesses, and on global supply chains; our inability to predict the extent to which the COVID-19 pandemic and related impacts will continue to adversely impact our business operations, financial performance, results of operations, financial position, the prices of our securities and the achievement of our strategic objectives and other factors disclosed in the Company's periodic reports filed with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict the occurrence of those matters or the manner in which they may affect us. The Company has no obligation or intent to release publicly any revisions to any forward looking statements, whether as a result of new information, future events, or otherwise.*

*This presentation will discuss some non-GAAP financial measures, which the Company believes are useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. The Company has provided reconciliations of comparable GAAP to non-GAAP measures in tables found in the Supplemental Information portion of this presentation.*

# Global Controlled Motion Company

***Superior expertise in electro-magnetic, mechanical and electronic motion technology***

***Develops integrated solutions that employ multiple technologies to “change the game” and add value to customers’ products***

Founded: 1939		IPO: 1969		Nasdaq: AMOT	
Market Capitalization	\$501 million	AVG Daily \$ Volume (3 mos.)	\$1.3 million		
Recent Closing Price	\$34.09	Annual Dividend / Yield	\$0.10 / 0.3%		
52 Week Low-High	\$21.39 - \$38.10	Institutional Ownership	60%		
Shares Outstanding	14.7 million	Insider Ownership	17%		

Market data as of June 18, 2021, Source: S&P Global IQ; Shares Outstanding as of May 5, 2021; Ownership as of most recent filing. Shares outstanding reflect 3-for-2 common stock split effective April 30, 2021.

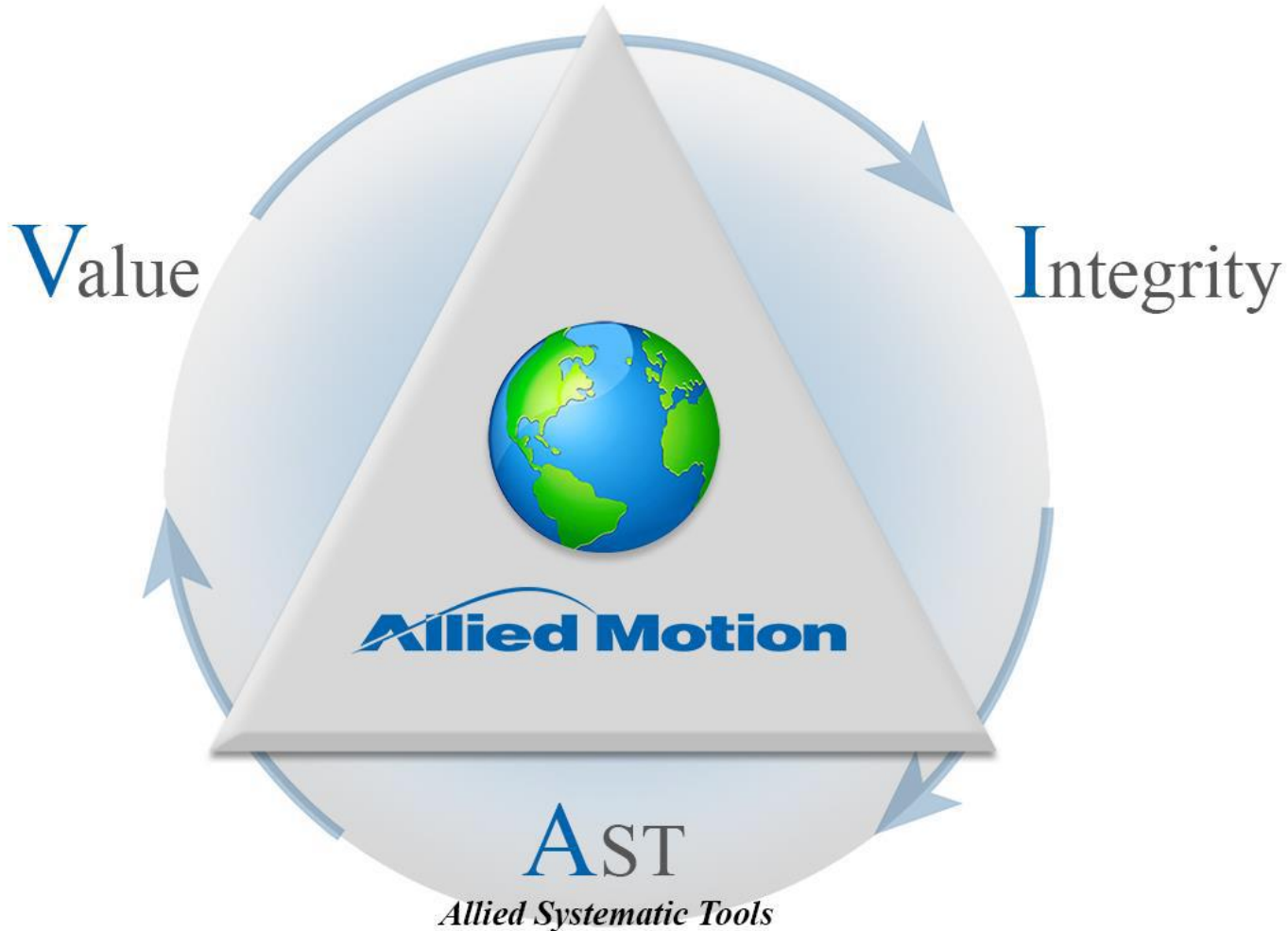
## Strong Progress on Vision Established in 2001

*Become a leading global controlled motion solutions provider in selected target markets*

- Create and Drive a long-term global growth strategy, including acquisitions, to consolidate a fragmented market
- Pursue target (niche) markets where we can gain a leadership market position
- Innovate leading edge products and solutions to meet the emerging needs of our target markets
- Develop a Lean Culture by utilizing our lean tool kit to enhance and continuously improve company performance
- Continuously develop talent throughout the organization through training and deployment of Allied Systematic Tools

# Our Culture – One Allied

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# Strategic Business Concept

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## *Controlled Motion Solutions that Change the Game*

**LEVERAGE SUPERIOR EXPERTISE** in electro-magnetic, mechanical and electronic controlled motion technology/know-how to provide solutions with the most compact, differentiated products or systems that “change the game” and add value to our customers’ products.

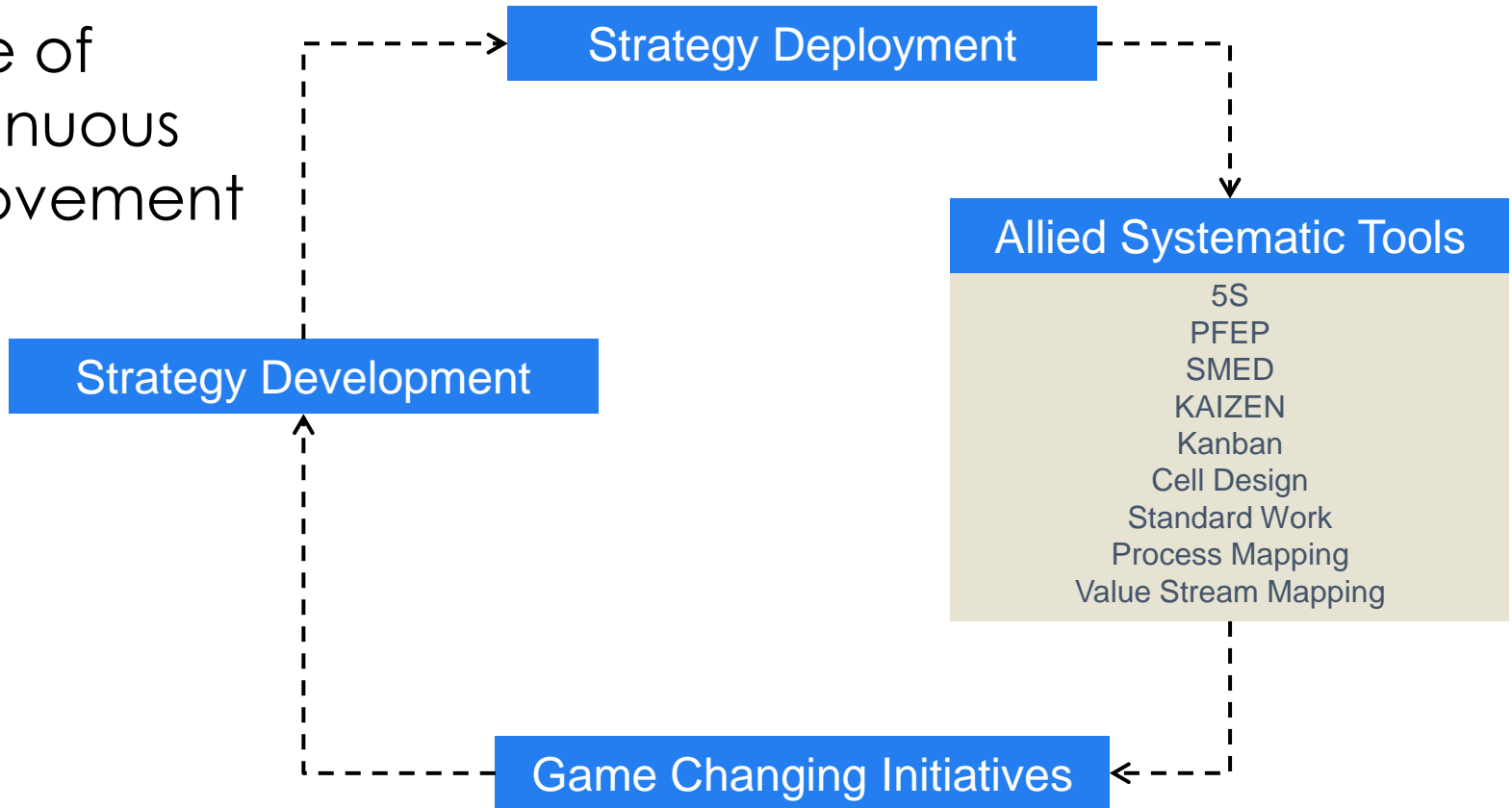
**UTILIZE OUR “ONE-TEAM”** organization to be the controlled motion solutions leader in our selected target markets and to focus on geographic markets where our local support provides an additional competitive advantage.

**ENHANCE COMPETITIVE POSITION** by utilizing our Operational Excellence Team to foster a zero defect mentality, to assist in the training/development of our workforce and to drive our core culture of continuously improving quality, cost, delivery and innovation in all aspects of our business through the implementation of Allied Systematic Tools<sup>SM</sup> (AST).

# Committed to Allied Systematic Tools (AST)

Allied's suite of lean enterprise tools designed to achieve world class performance through continuous improvement in **Quality, Delivery, Cost and Growth**

Cycle of  
Continuous  
Improvement



# Wide Breadth of Technologies

- Motion Controllers: single-axis & multi-axis
- Drives: Integrated & Stand-Alone
- Motors: Brushless and Brushed DC
- Gearing: Parallel, Inline, Right Angle & Epicyclic
- Encoders: Incremental & Absolute
- Mechanical Products for Steering Systems
- Active (electronic) and passive (magnetic) filters for power quality and harmonic issues



Wheelchair Control System



Active Harmonic Filter



Passive Harmonic Filter



Brushless Motor-Drives



Brushless Servo Motors



Optical Encoders



Permanent-Magnet DC Motors



Brushless Torque Motors



Gear Motors



Brushless Drives



# Competitive Advantage through Integrated Solutions

*Combining our control, drive, motor, gearing and feedback technologies to create a competitive advantage*

*Power Assist Steering Motor, Drive, Gearing and Communication Bus Solution*



*Full line of Motor, Drive, Gearing and Communication Bus Solutions for Automation*



*Motor and Drive for Kidney Dialysis Machine Pump*



*Electric Traction Wheel Drive with Drive, Motor, Gearing, CAN Bus and Steering Option*



*Automated GPS-Guided Vehicle Steering Module with Torque Motor, Integrated Servo Drive with CAN Bus*



## Target Market: Vehicle

31% of Q1 21 TTM sales

### Markets

Off- and on-road construction and agricultural equipment, trucks, buses, RVs, lift trucks, marine, recreational (ATVs) and utility vehicles

### Applications

- Electronic power steering and drive-by-wire applications
- Traction / drive systems, pumps, automated and remotely guided power steering systems
- Actuation systems (e.g., lifts, slide-outs, covers, etc.)
- Mobile HVAC systems
- Alternative fuel systems such as LPG, fuel cell and hybrid vehicles

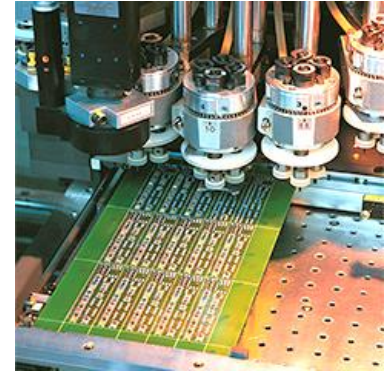


## Target Market: Industrial

30% of Q1 21 TTM sales

### Markets

Factory automation, material handling, robotics, industrial tools, semiconductor equipment, Oil & Gas



### Applications

- Material handling including manned and unmanned vehicle steering and traction and conveyors
- Industrial and specialized robots
- Power quality and power conversion
- Welding wire feeders, conduit benders and a host of "jobsite" tools
- Handling, inspection and testing of components and final products, such as PCs and high resolution printers



## Target Market: Medical

24% of Q1 21 TTM sales

### Markets

Medical devices and equipment, surgical robotics, patient handling and medical mobility

### Applications

- Medical Instrumentation: Surgical robots, kidney dialysis machines, respiratory ventilators, heart pumps
- Programmable pumps to meter and administer infusions, pain control and antibiotics
- Advanced, autoclavable surgical handpiece motors
- Global leader for motors in prosthetics
- Patient Mobility: Wheel chairs, scooters, stair lifts, patient lifts, transport tables and hospital beds





# Target Market: Aerospace & Defense

10% of Q1 21 TTM sales

## Markets

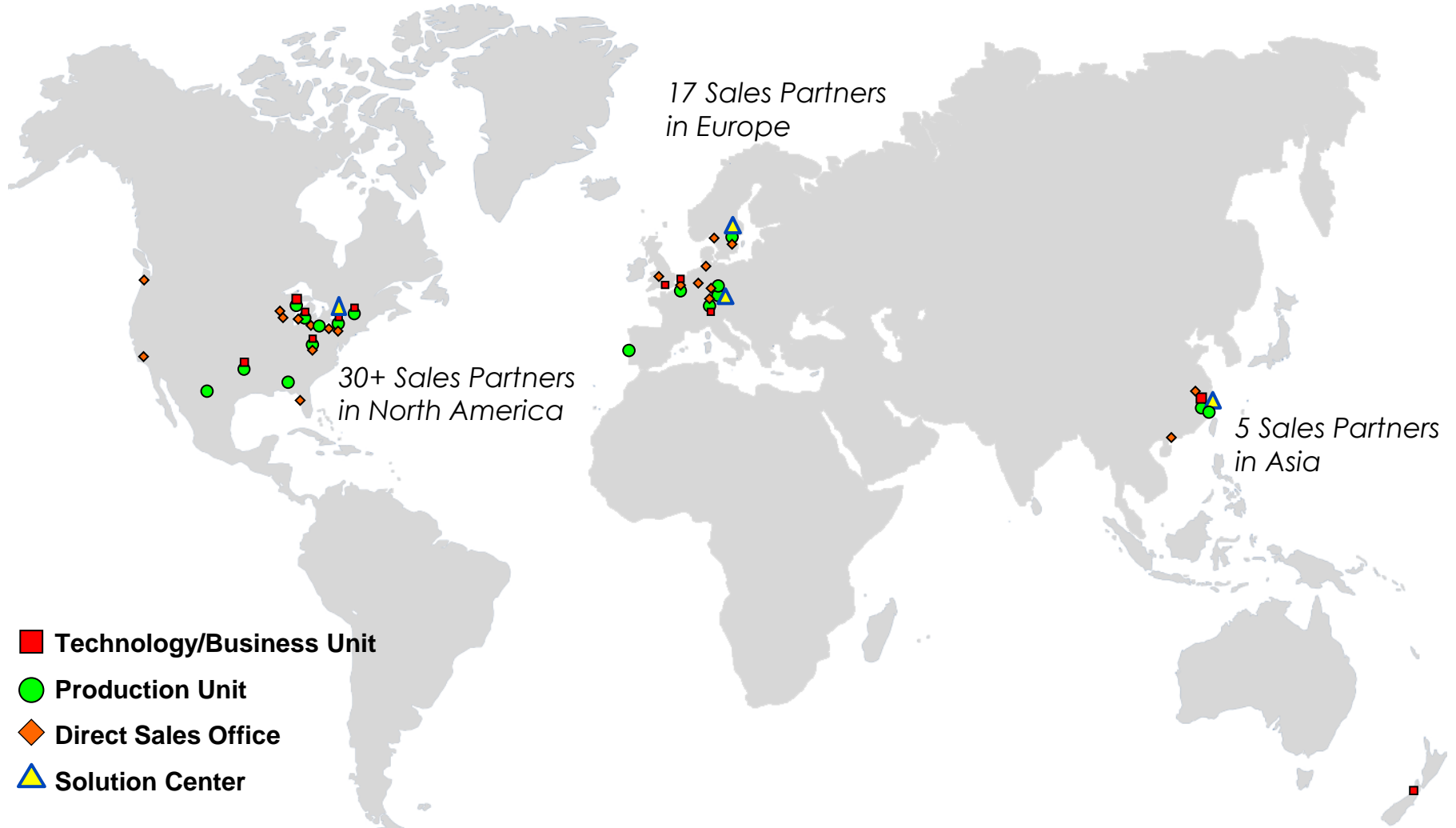
Commercial aviation, aerospace systems, defense systems, unmanned aerial vehicles, NASA

## Applications

- Inertial guided missiles, mid-range smart munitions systems
- Weapons systems, ramp, latch, seat and wiper control on armored personnel carriers
- Unmanned vehicles
- Security and access control, camera systems, door access control
- Airport screening and scanning devices



## Global Coverage





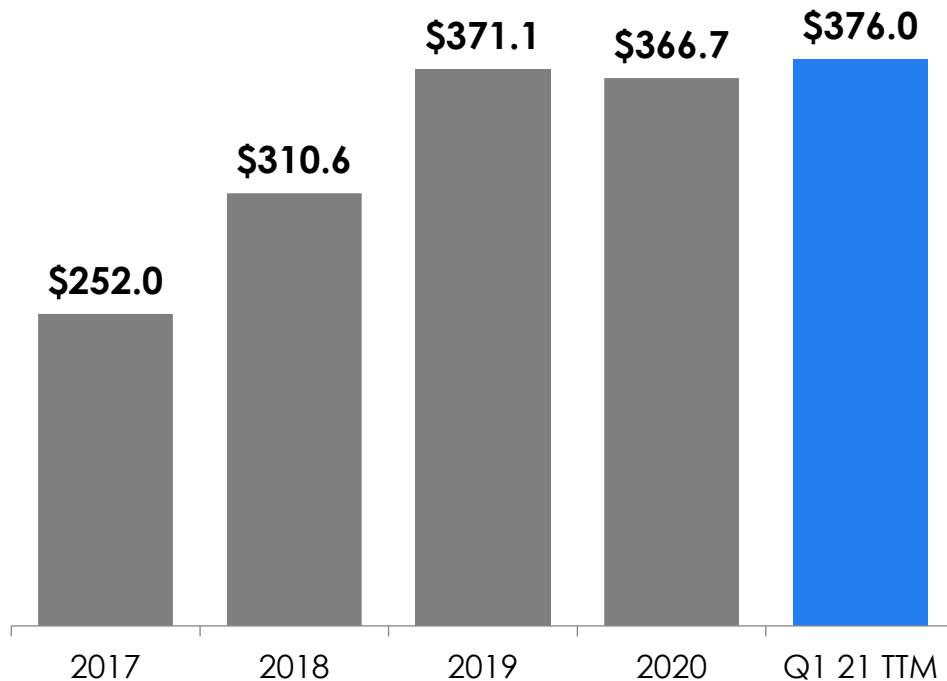
*Motion Solutions that Change the Game*

# Financial Highlights

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# Revenue

(\$ in millions)



## Strong Medical demand

Helping offset softness in other markets due to COVID-19 impact

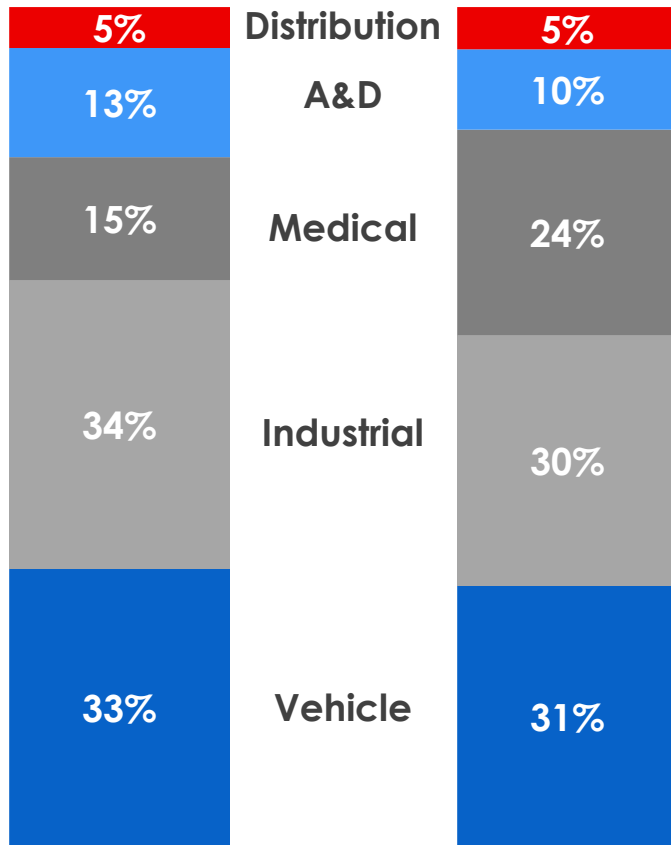
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## Acquisitions

Dynamic Controls *Mar 2020*  
TCI *Dec 2018*  
Maval *Jan 2018*



# Revenue by Market



**Q1 20 TTM**

Rev: \$369.6 million

**Q1 21 TTM**

Rev: \$376.0 million

TTM revenue up 2%

Medical	+ 71%
Vehicle	- 4%
Distribution	- 6%
Industrial	- 11%
A&D	- 24%

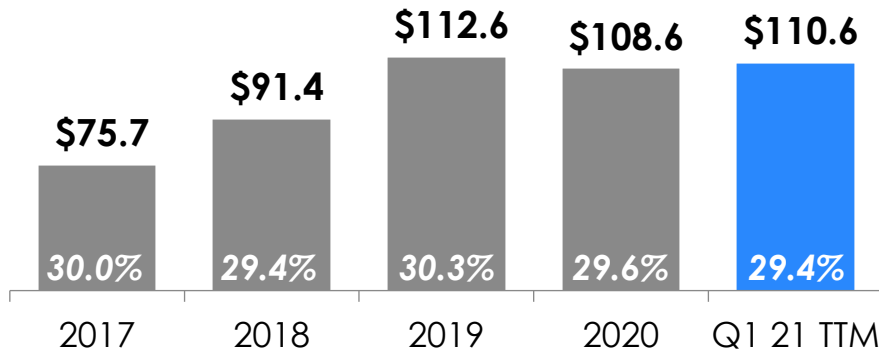
Dynamic Controls business incorporated into Medical

*Percent totals may not equal 100% due to rounding*

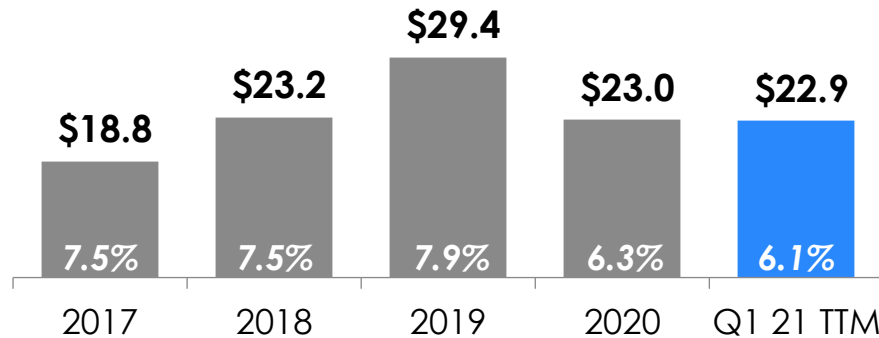
# Focus on Margin Improvement

(\$ in millions)

## Gross Profit & Margin



## Operating Profit & Margin



## GM impacts

- + Lean tool kit (AST)
- + Cost control efforts
- Unfavorable mix
- Higher tariffs, duties, and freight

Maintaining key engineering capabilities

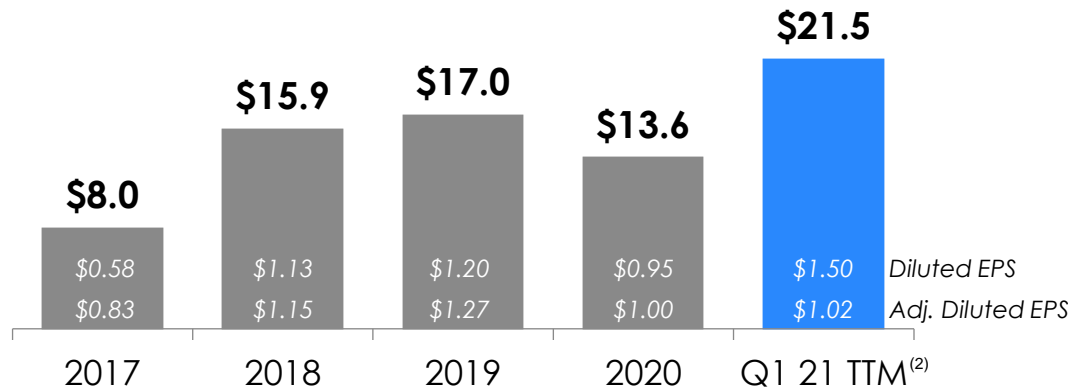
**G&A 10.6%** of Q1 21 TTM sales

**E&D 7.0%** of Q1 21 TTM sales

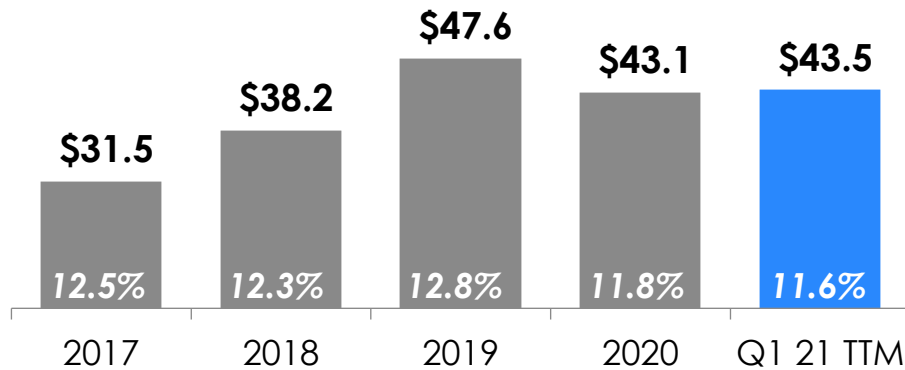
# Strong Cash Generation

(\$ in millions, except per share data)

## Net Income and Adjusted EPS<sup>(1)</sup>



## Adjusted EBITDA<sup>(3)</sup> & Margin



**Focused on strengthening earnings power**

**26% to 28% tax rate for remaining 2021 quarters**

Expectation as of May 5, 2021

<sup>(1)</sup> See supplemental slide for Adjusted Net Income reconciliation and other important disclaimers regarding Adjusted Net Income. Diluted EPS and Adjusted Diluted EPS reflect 3-for-2 common stock split effective April 30, 2021.

<sup>(2)</sup> Includes a net discrete tax benefit of \$7.4 million from Q1 2021.

<sup>(3)</sup> See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Adjusted EBITDA.

# Balance Sheet

(\$ in millions)

CAPITALIZATION		
	Mar. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	\$ 24.7	\$ 23.1
Total debt	119.9	120.1
<b>Total net debt</b>	<b>95.2</b>	<b>96.9</b>
Shareholders' equity	153.0	143.1
<b>Total capitalization</b>	<b>\$ 272.9</b>	<b>\$ 263.1</b>
Debt/total capitalization	43.9%	45.6%
Net debt/net total capitalization	38.3%	40.4%

Maintaining financial strength

Net debt/net total capitalization improved 210 bps to 38.3%

Bank leverage ratio<sup>(1)</sup> of 2.71x

<sup>(1)</sup>Bank leverage ratio calculated in accordance with the Company's credit agreement

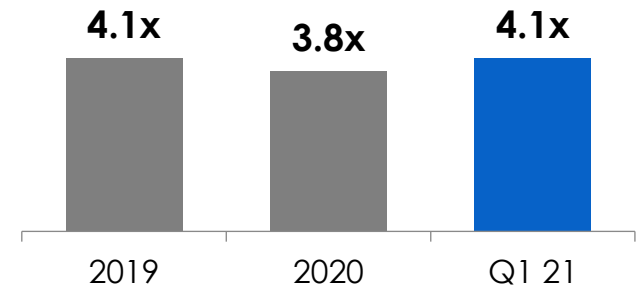
NOTE: Components may not add to totals due to rounding

# Cash Flow

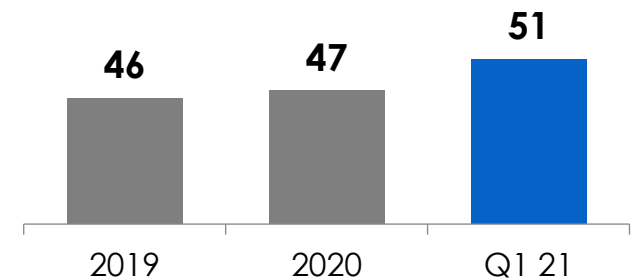
(\$ in millions)

Note: Components may not add to totals due to rounding	Three Months Ended	
	3/31/21	3/31/20
Net cash provided by operating activities	\$ 5.6	\$ (3.0)
Capital expenditures (CapEx)	(3.1)	(1.7)
<b>Operating free cash flow (FCF)<sup>(1)</sup></b>	<b>\$ 2.5</b>	<b>\$ (4.7)</b>

## Inventory Turnover



## Days Sales Outstanding



FY21 CapEx: **\$12 - \$15 million<sup>(2)</sup>**

<sup>(1)</sup> Free cash flow is a non-GAAP metric defined as cash flow from operations less capital expenditures

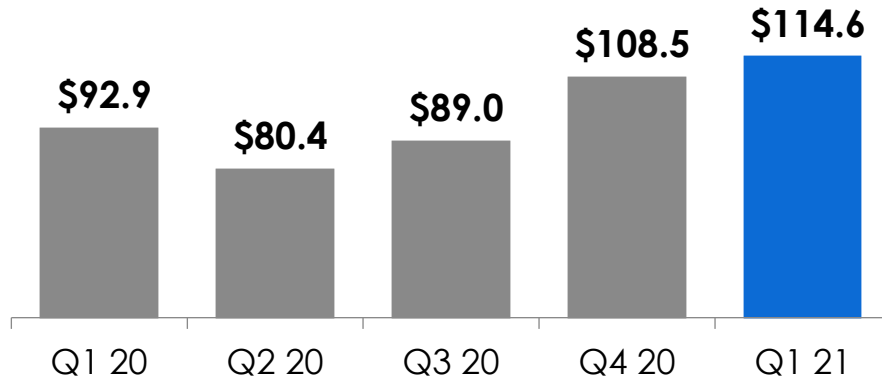
<sup>(2)</sup> 2021 CapEx expectation provided on May 5, 2021

NOTE: Components may not add up to totals due to rounding

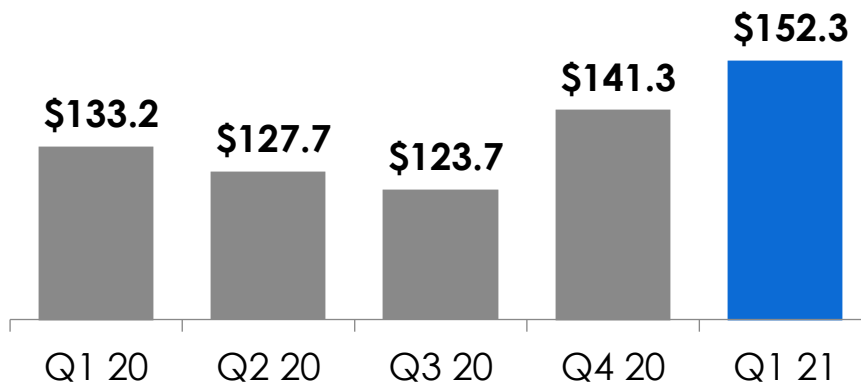
# Orders & Backlog

(\$ in millions)

## Orders



## Backlog



## Record orders and backlog

~\$5 million of previously announced \$325 million Vehicle market awards reflected in current backlog

Majority of backlog to ship in three to six months



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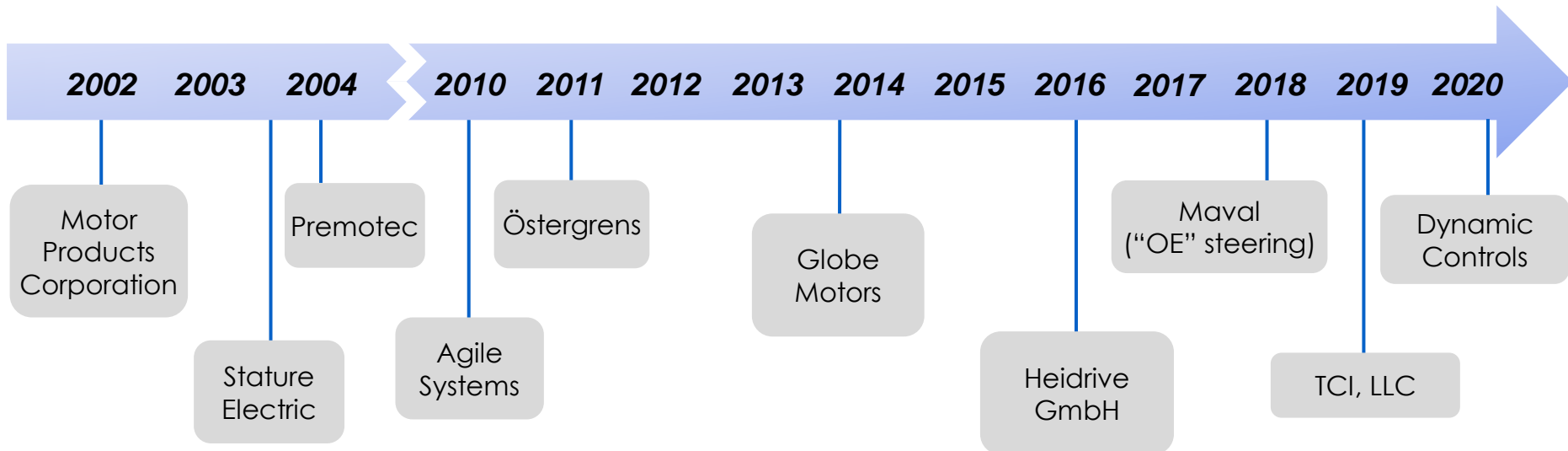
# Growth Strategy and Outlook

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# Growth/Acquisition Summary

*Added complementary/adjacent technologies, drove geographic expansion/depth, added new customers in target markets*

- **2001:** Strategic decision to focus on motion and divest instrumentation business
- **2002:** Motion strategy initiated with \$15.6M in revenue
- **2020:** Motion revenue \$366M+





# Outlook

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**Medical:** demand still strong with recovery in surgical robotics and elective surgeries; still some residual demand from pandemic

**Vehicle:** expect heightened powersports demand to continue into Q2 21; large automotive contracts are progressing

**Industrial and A&D:** Improving market conditions with increased quoting and orders

Well positioned to drive further efficiency and profitable growth

- Record backlog
- Diverse market channel strategy
- Proven cash generation capabilities
- Allied Systematic Tools (AST) to drive continuous improvement in all areas

Expect to invest \$12 million to \$15 million in capital expenditures during FY21

Expect tax rate to range between 26% and 28% for the remaining quarters of FY21

**Long-term goal: Increase gross margin by 1% per year**

\* Outlook as of May 5, 2021



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# Supplemental Information

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# Allied Motion Locations

Amherst, NY	Worldwide Headquarters; Solution Center; Electronic Design & Manufacturing
Amherst, NY; Oakville, ON; Ferndown, England; Porto, Portugal	Global Engineering Team (GET) Design & Development Centers
Tulsa, OK (Emoteq Corp.)	Design & Manufacture: Motors and Optical Encoders
Owosso, MI (Motor Products Corp.)	Design & Manufacture: Motors
Watertown, NY (Stature Electric)	Design & Manufacture: Gearing and Geared Motion Solutions
Dordrecht, The Netherlands (Premotec)	Design & Manufacture: Motors
Stockholm, Sweden (Östergrens)	Market Based Engineering and Design Center, GET support, Solution Center
Changzhou, China	Production Center, Solution Center, Motor Design
Dayton, OH (Globe Motors)	Market Based Engineering and Design Center; GET support
Dothan, AL (Globe Motors)	Production Center
Reynosa, Mexico (Globe Motors)	Production Center
Porto, Portugal (Globe Motors)	Production Center, GET Location
Kelheim, Germany (Heidrive GmbH)	Designer and Manufacture: Motors and Motion systems, Solution Center
Mrakov, Czech Republic (Heidrive GmbH)	Production Center
Twinsburg, OH (Maval OE Steering)	Design & Manufacture: Mechanical Steering System Components
Germantown, WI (TCI, LLC)	Design & Manufacture: Power Filter and Conversion Solutions
Christchurch, New Zealand (Dynamic Controls Group)	Design & Development Center
Kidderminster, England (Dynamic Controls Group)	Sales and Technical Support
Suzhou, China (Dynamic Controls Group)	Manufacturer: Control systems and components

# Corporate Leadership

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## **Dick Warzala**, *Chairman of the Board, President and CEO*

- Joined 2002, appointed CEO in 2009, Chairman in 2014
- Previously, President, Motion Components Group, Danaher Corporation; held various positions at American Precision Industries Inc., including Corporate Vice President and President, API Motion Division
- More than 31 years of motion industry experience

## **Michael Leach**, *Senior Vice President & Chief Financial Officer*

## **Ashish Bendre**, *Vice President & Group President*

## **Robert Maida**, *Senior Vice President & Group President*

## **Helmut Pirthauer**, *Vice President & Group President*

## **Brendan Neill**, *Attorney and Assistant Secretary*

## **Geoff Rondeau**, *Vice President of Operational Excellence*

## **Christopher J. Thome**, *Corporate Controller and Treasurer*

# Strengthens Electronics and Software Capabilities

## Acquisition of Dynamic Controls Group

*Leading designer and manufacturer of electronic controls for the medical market*

- *Cost effective power wheelchair controllers*
- *World leading modular control systems*



*LiNX™ Power Wheelchair Control System*



*Rhino/Rhino 2 Scooter Controller*



*R-Series Scooter Controller*

### Strategic Rationale

- Strengthens Allied's Medical market position around patient mobility and rehabilitation, and enables further development of higher level solutions with embedded electronics
- Expect to enhance overall gross margin profile and be slightly accretive in 2020
- Adds highly experienced electronics and software engineering design team to be leveraged across all of Allied's markets
- Long-term product supply agreement with Invacare Corporation

# Competition

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Our products and solutions are sold into a global market with a large and diverse group of competitors that vary by product, geography, industry and application.

The motion control market is highly fragmented; some larger competitors include:

- Ametek
- Altra Industrial Motion Corp
- Parker Hannifin Corporation

**Unlike many of our competitors, we are unique in our ability to provide custom-engineered motion control solutions that integrate the products we manufacture.**

# Adjusted Net Income and EPS Reconciliation *(Unaudited)*

(\$ in thousands, except per share data)

	For twelve months ended				
	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020	Mar 31, 2021
Net income	\$ 8,036	\$ 15,925	\$ 17,022	\$ 13,643	\$ 21,535
Income tax benefit	-	-	-	-	(7,373)
Tax Cuts and Jobs Act Impact	3,133	(235)	-	-	-
Non-income based tax assessment	-	-	384	(424)	(424)
Foreign currency loss (gain)	273	(120)	79	752	677
Business development costs	147	586	81	344	181
Income tax provision charge	-	-	433	-	-
<b>Non-GAAP Adjusted Net Income</b>	<b>\$ 11,589</b>	<b>\$ 16,156</b>	<b>\$ 17,999</b>	<b>\$ 14,315</b>	<b>\$ 14,596</b>
Average Diluted Shares Outstanding	13,913	14,055	14,192	14,333	14,378
Diluted earnings per share - GAAP	\$0.58	\$1.13	\$1.20	\$0.95	\$1.50
Diluted earnings per share – Non-GAAP	\$0.83	\$1.15	\$1.27	\$1.00	\$1.02

Adjusted net income and diluted EPS are defined as net income and diluted EPS as reported, adjusted for unusual non-recurring items. Adjusted net income and diluted EPS are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP, and may not be comparable to the measure as used by other companies. Nevertheless, the Company believes that providing non-GAAP information, such as adjusted net income and diluted EPS, is important for investors and other readers of the Company's financial statements and assists in understanding the comparison of the current quarter's and current year's net income and diluted EPS to the historical periods' net income and diluted EPS.

NOTE: Components may not add up to totals due to rounding



# Adjusted EBITDA Reconciliation *(Unaudited)*

(\$ in thousands)

	For twelve months ended				
	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020	Mar 31, 2021
Net income	\$ 8,036	\$ 15,925	\$ 17,022	\$ 13,643	\$ 21,535
Interest expense	2,474	2,701	5,134	3,716	3,523
Provision (benefit) for income taxes	8,100	4,756	6,819	5,133	(2,491)
Depreciation and amortization	10,274	11,576	14,857	15,985	16,666
<b>EBITDA</b>	<b>\$ 28,884</b>	<b>\$ 34,958</b>	<b>\$ 43,832</b>	<b>\$ 38,477</b>	<b>\$ 39,233</b>
Stock compensation expense	2,026	2,643	3,203	3,550	3,558
Foreign currency loss (gain)	396	(169)	111	1,035	931
Business development costs	213	762	113	473	246
Non-income based tax assessment	-	-	384	(424)	(424)
<b>Adjusted EBITDA</b>	<b>\$ 31,519</b>	<b>\$ 38,194</b>	<b>\$ 47,643</b>	<b>\$ 43,111</b>	<b>\$ 43,544</b>

In addition to reporting net income, a U.S. generally accepted accounting principle ("GAAP") measure, the Company presents Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, stock compensation expense, foreign currency gains/losses, business development costs and non income based tax assessment), which is a non-GAAP measure. The Company believes Adjusted EBITDA is often a useful measure of a Company's operating performance and is a significant basis used by the Company's management to evaluate and compare the core operating performance of its business from period to period by removing the impact of the capital structure (interest), tangible and intangible asset base (depreciation and amortization), taxes, stock-based compensation expense, business development costs related to acquisitions, foreign currency gains/losses on short-term assets and liabilities, and other items that are not indicative of the Company's core operating performance. Adjusted EBITDA does not represent and should not be considered as an alternative to net income, operating income, net cash provided by operating activities or any other measure for determining operating performance or liquidity that is calculated in accordance with generally accepted accounting principles.