



Motion Solutions that Change the Game

Dougherty & Co. Investor Conference

September 6, 2018

Dick Warzala
Chairman, President & CEO

Mike Leach
Chief Financial Officer

Safe Harbor Statement

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, and may contain the word “believe,” “anticipate,” “expect,” “project,” “intend,” “will continue,” “will likely result,” “should” or words or phrases of similar meaning. Forward looking statements involve known and unknown risks and uncertainties that may cause actual results to differ materially from the expected results described in the forward looking statements. The risks and uncertainties include those associated with: the domestic and foreign general business and economic conditions in the markets we serve, including political and currency risks and adverse changes in local legal and regulatory environments; the introduction of new technologies and the impact of competitive products; the ability to protect the Company's intellectual property; our ability to sustain, manage or forecast growth and product acceptance to accurately align capacity with demand; the continued success of our customers and the ability to realize the full amounts reflected in our order backlog as revenue; the loss of significant customers or the enforceability of the Company's contracts in connection with a merger, acquisition, disposition, bankruptcy, or otherwise; our ability to meet the technical specifications of our customers; the performance of subcontractors or suppliers and the continued availability of parts and components; changes in government regulations; the availability of financing and our access to capital markets, borrowings, or financial transactions to hedge certain risks; the Company's ability to realize the annual interest expense savings from its debt refinancing; the ability to attract and retain qualified personnel who can design new applications and products for the motion industry; the ability to implement our corporate strategies designed for growth and improvement in profits including to identify and consummate favorable acquisitions to support external growth and the development of new technologies; the ability to successfully integrate an acquired business into our business model without substantial costs, delays, or problems, including the ability to carve out, relocate and separate the Maval OE business; our ability to control costs, including the establishment and operation of low cost region manufacturing and component sourcing capabilities; and other risks and uncertainties detailed from time to time in the Company's SEC filings. Actual results, events and performance may differ materially. Readers are cautioned not to place undue reliance on these forward looking statements as a prediction of actual results. 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 compared 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 Motion Control Company

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

*Provide integrated solutions with the most compact,
differentiated products or systems that “change the game”
and add value to our customers’ products*

Founded: 1939		IPO: 1969		Nasdaq: AMOT	
Market Capitalization	\$469 million	AVG Daily Volume (3 mos.)	54k		
Recent Closing Price	\$49.49	Annual Dividend / Yield	\$0.12 / 0.24%		
52 Week Low-High	\$23.26 - \$51.80	Institutional Ownership	55%		
Shares Outstanding	9.5 million	Insider Ownership	23%		

*Market data as of August 30, 2018, Source: S&P Global IQ; Shares Outstanding as of August 1, 2018;
Ownership as of most recent filing*

Company Background

The Company - 2002

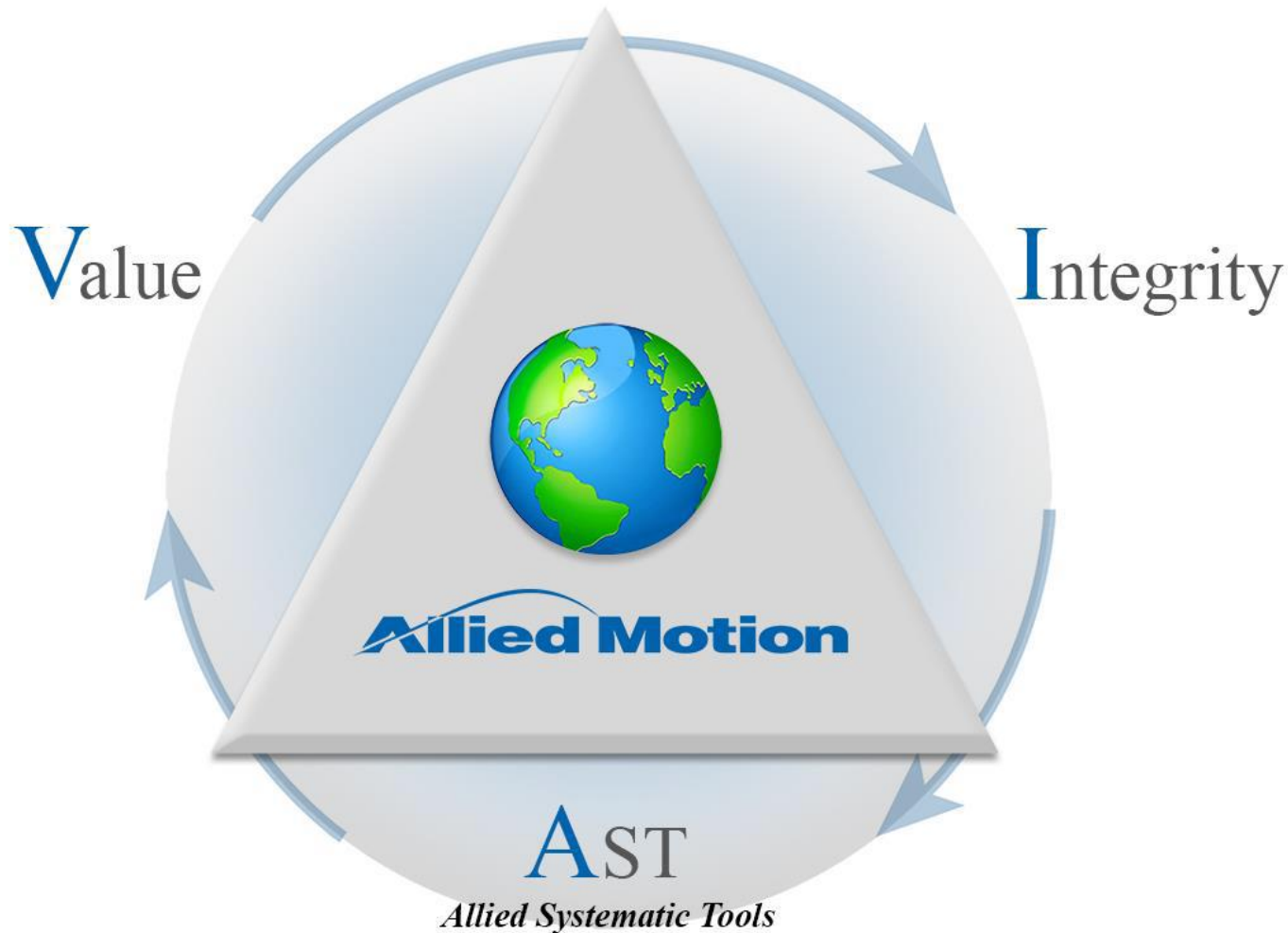
- Dual segment company, Power/Process Instrumentation and Motion Control
- Company operating at a loss
- Market Cap \$10M - 5M shares outstanding
- Company at a crossroads – sell or build?
- Decision made to sell Power/Process and focus on Motion
- Motion revenue of \$15.6M

Vision

Become the motion solution leader in our target markets

- Develop an acquisition strategy to consolidate a fragmented market
- Identify and pursue target (niche) markets where the potential exists to gain a leadership market position
- Develop leading edge products to meet the emerging needs of our target markets
- Utilize lean tools to enhance company performance
- Develop a sound long term strategy and set aggressive growth and profitability goals to measure our success

Our Culture – One Allied



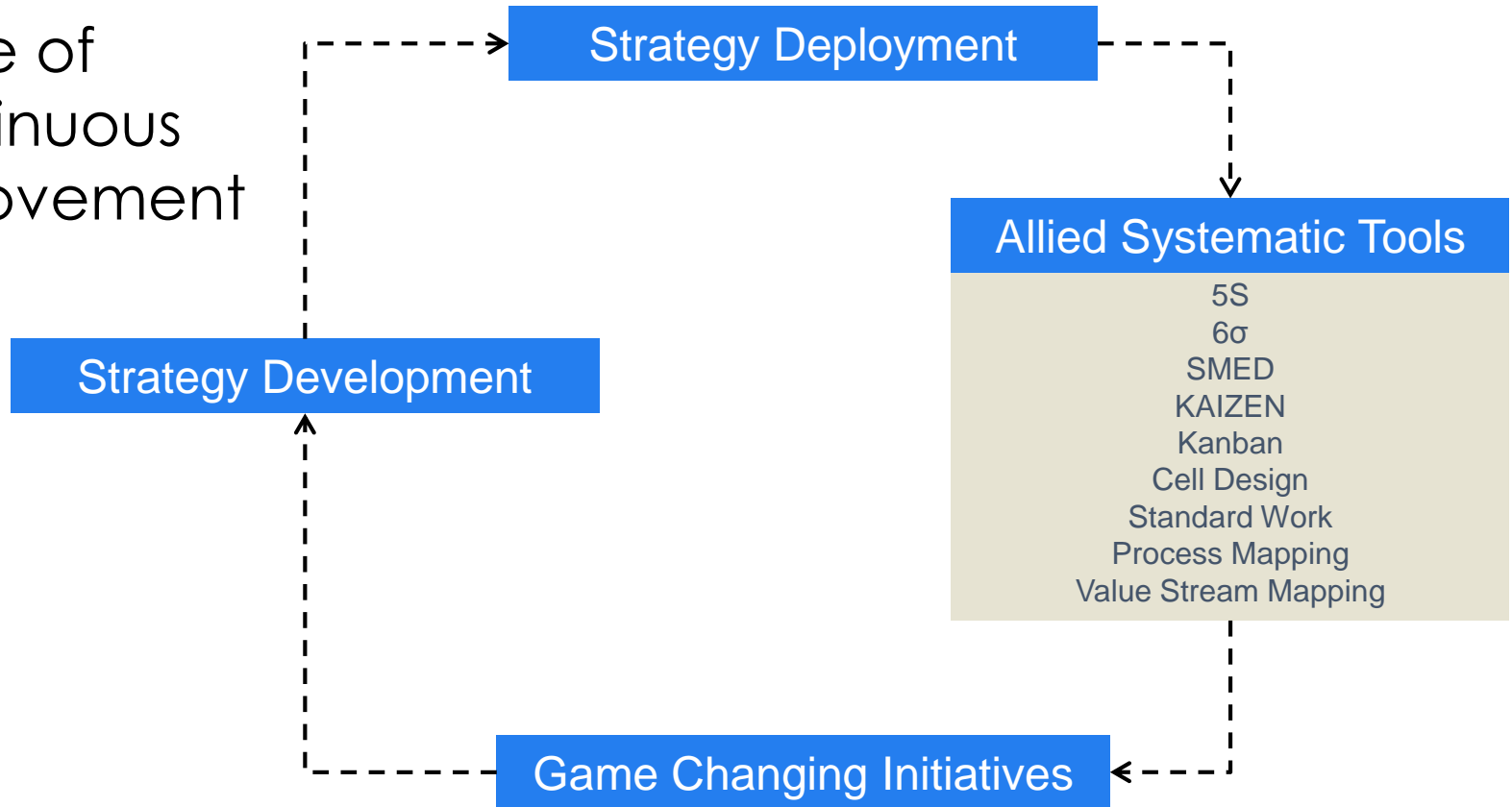
Strategic Business Concept

- **Utilize our “One-Team”** organization to become the motion solution leader in our selected target markets
- **Leverage superior expertise** in electro-magnetic, mechanical and electronic motion technology/know-how
- **Provide solutions** with the most compact, differentiated products or systems that “change the game” and create value for our customers
- **Enhance competitive position** with a zero defect mentality and a never ending commitment to AST to drive continuous improvement

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



Brushless Drives



Brushless Motor-Drives



Brushless Servo Motors



Optical Encoders



Permanent-Magnet DC Motors



Brushless Torque Motors



Gear Motors

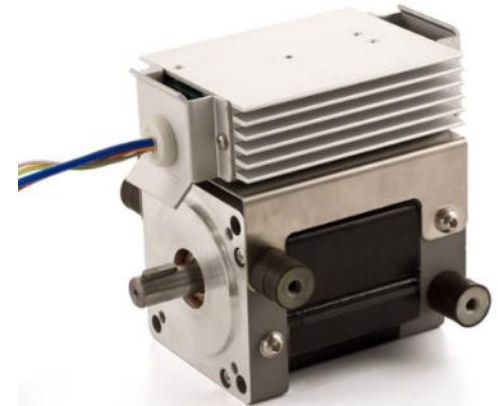
Customized Integrated Solutions

Combining our drive, control, gearing, motor and feedback technologies

*Power Steering Motor /
Drive / Gearhead*



*Motor / Drive for
Kidney Dialysis
Machine Pump*



*Electric Traction Wheel
Drive with Integrated Drive,
CAN bus and Steering
Option*



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



Target Market: Vehicle

~38% of combined 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

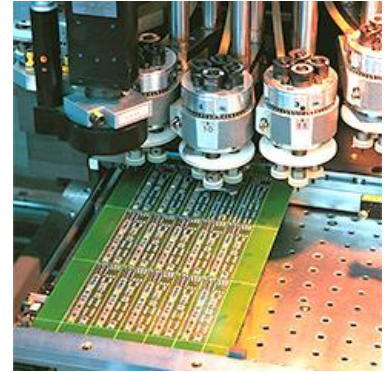


Target Market: Industrial

~33% of combined sales

Markets

Factory automation, material handling, robotics, industrial tools, semiconductor equipment



Applications

- Handling, inspection and testing of components and final products, such as PCs, gaming equipment, cell phones, and high resolution printers
- Material handling including manned and unmanned vehicle steering and traction and conveyors
- Industrial and specialized robots
- Welding wire feeders, conduit benders, wire pullers, hole punches, concrete vibrators and a host of other "jobsite" tools



Target Market: Medical

~15% of combined 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

~11% of combined sales

Markets

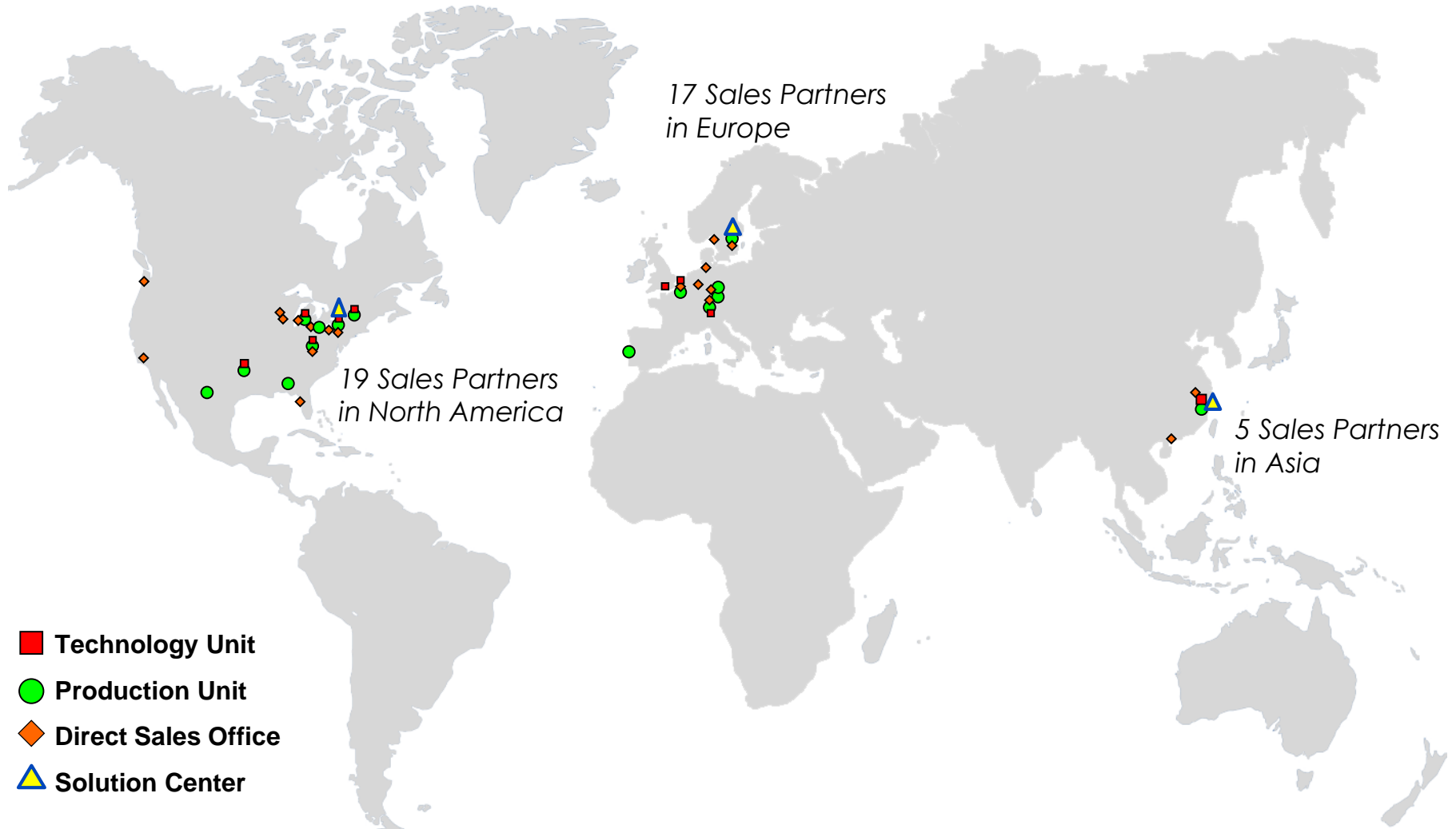
Commercial aviation, aerospace systems, defense systems, unmanned aerial vehicles, NASA

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



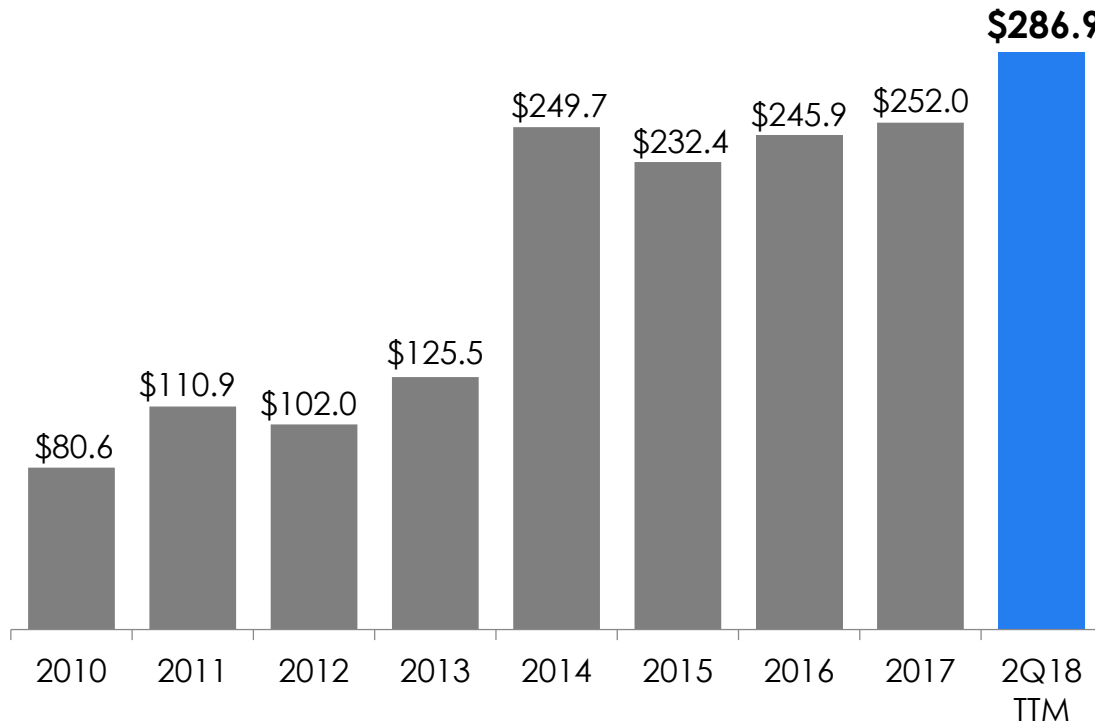


Motion Solutions that Change the Game

Financial Highlights

Record Revenue

(\$ in millions)



+16% CAGR

2010 – 2Q18 TTM

Favorable indicators

Medical, A&D and Industrial

Vehicle market

Showing signs of recovery

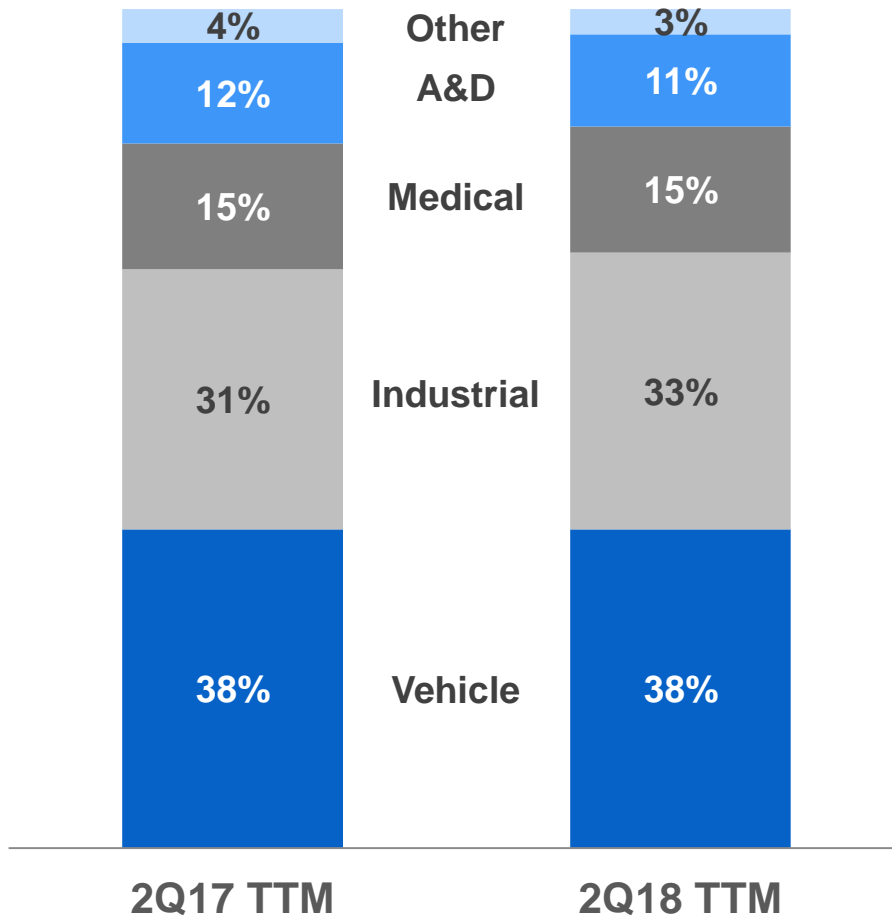
Acquisitions

Globe Motors Oct 2013

Heidrive Jan 2016

Maval Jan 2018

Revenue by Market (TTM Basis)



Executing diversification strategy

TTM sales up 21%

- Industrial +28%
- Vehicle +21%
- Medical +15%
- A&D +10%

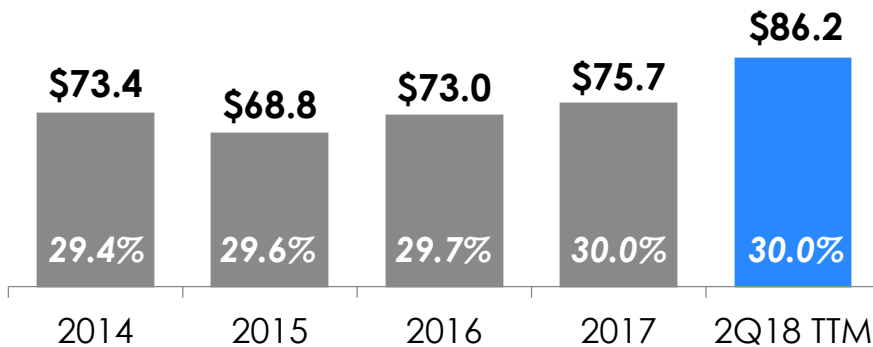
Distribution sales flat

- Included in Other market

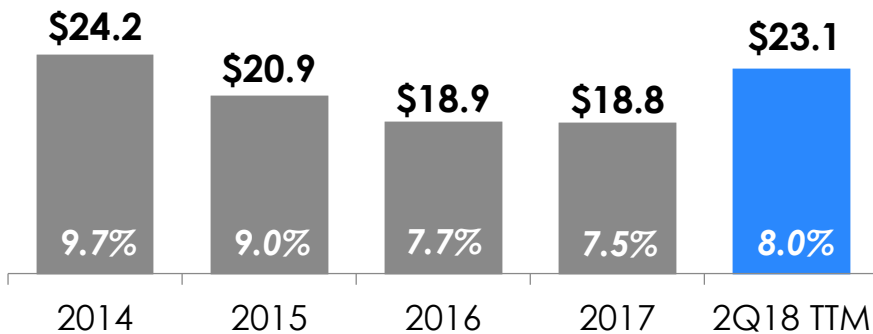
Focus on Margin Improvement

(\$ in millions)

Gross Profit & Margin



Operating Profit & Margin



**Product/facility mix
and higher volume
driving margin
expansion**

Investments

IT infrastructure
Sales organization
Engineering & Development

Long term focus

E&D 6.6% of 2Q18 TTM sales

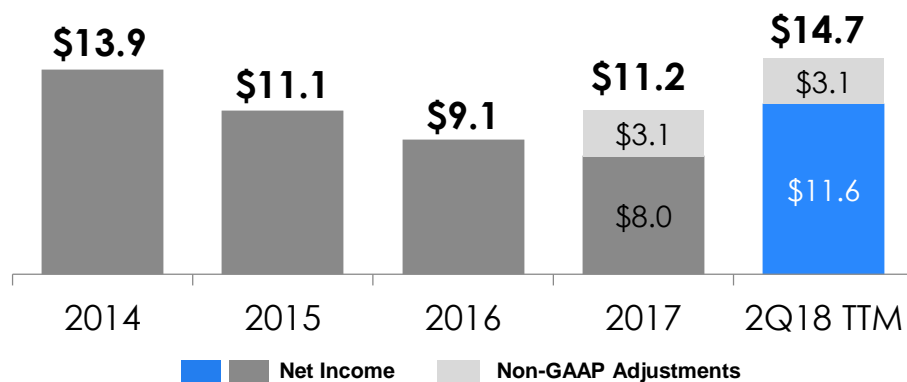
Acquisition costs

\$0.5M 2Q18 TTM

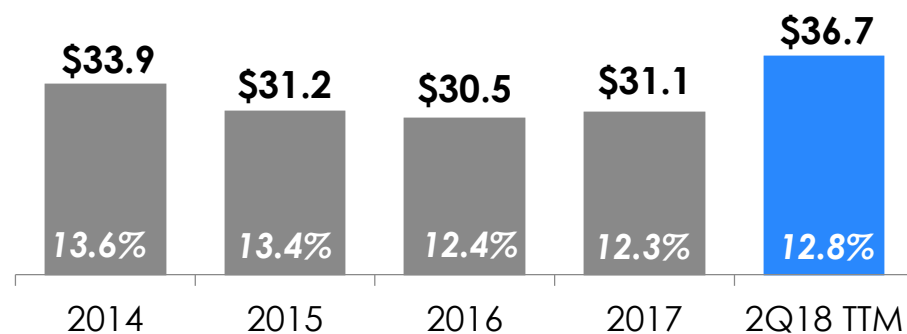
Strong Cash Generation

(\$ in millions)

Adjusted Net Income⁽¹⁾



Adjusted EBITDA⁽²⁾ & Margin



Focused on strengthening earnings power

Full fiscal 2018 tax rate of 24% to 26%

Expectation provided on August 1, 2018

⁽¹⁾See supplemental slide for Adjusted Net Income reconciliation and other important disclaimers regarding Adjusted Net Income.

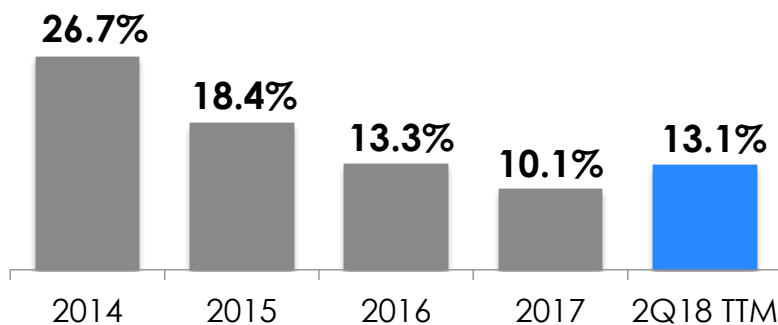
Adjusted to reflect estimated transition tax of \$3.1 million on the deemed repatriation of foreign earnings in Q4 17.

⁽²⁾See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Adjusted EBITDA.

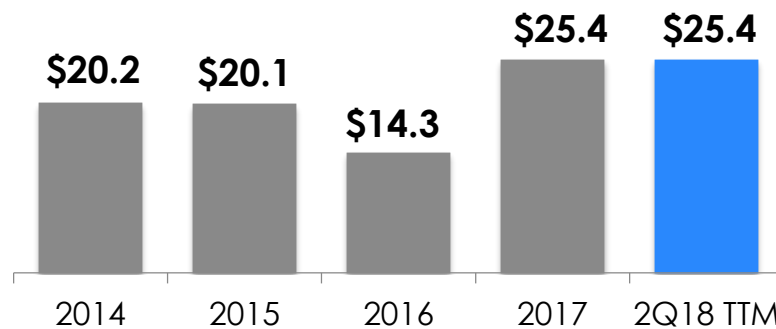
Profitability and Cash Flow

(\$ in millions)

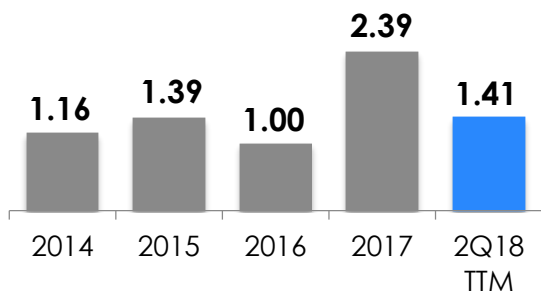
Return on Average Equity



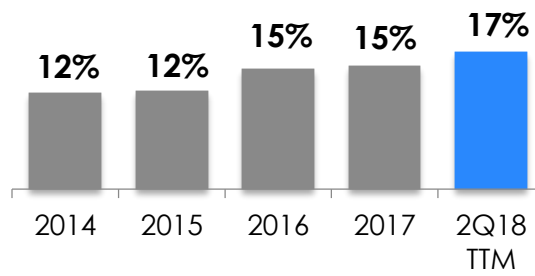
Cash From Operations



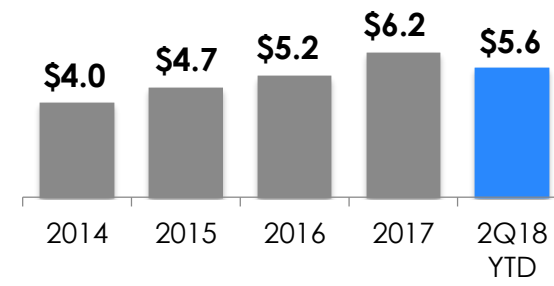
Free Cash Flow to Net Income¹



Managed Working Capital as a Percent of Sales²



Capital Expenditures



¹ Defined as cash flow from operations less capital expenditures (purchases of property & equipment) divided by annual net income. See supplemental slide for reconciliation.

² Defined as current assets (excluding cash and cash equivalents) less current liabilities (excluding current debt obligations) divided by annual sales

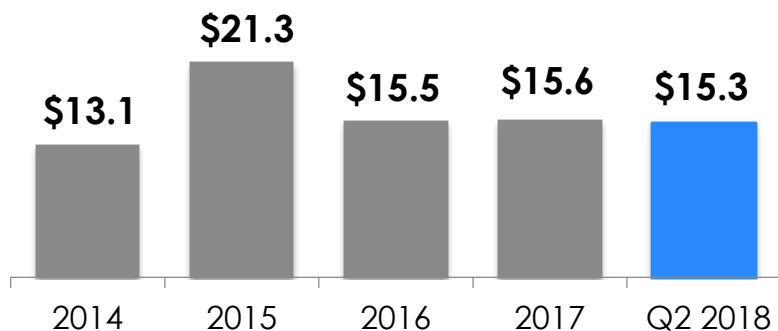
2018 CapEx expected to range between \$13-\$16 million*

* Expectation provided on August 1, 2018

Flexible Balance Sheet to Support Growth

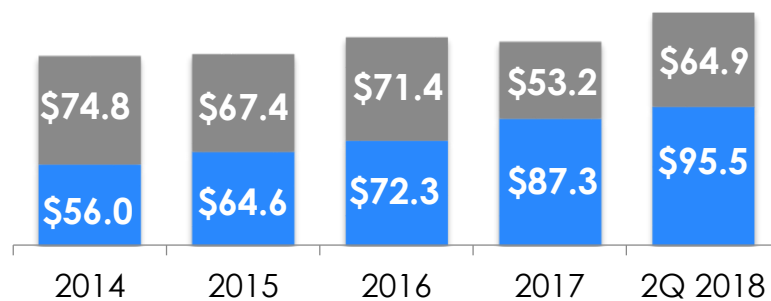
(\$ in millions)

Cash & Cash Equivalents

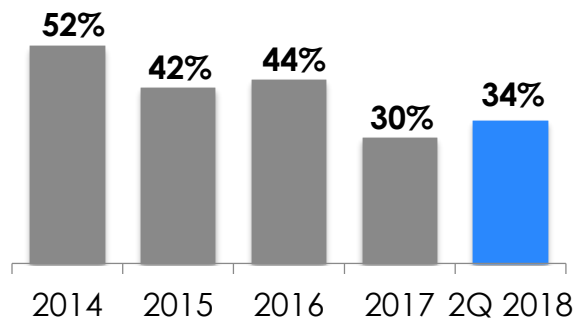


Total Debt & Shareholders' Equity

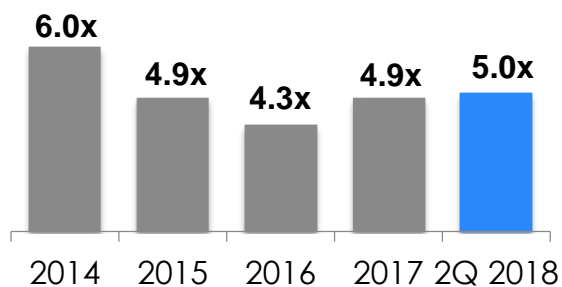
■ Shareholder's Equity ■ Total Debt



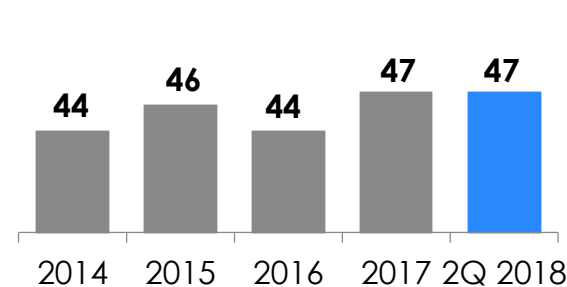
Net Debt / Total Capitalization



Inventory Turns



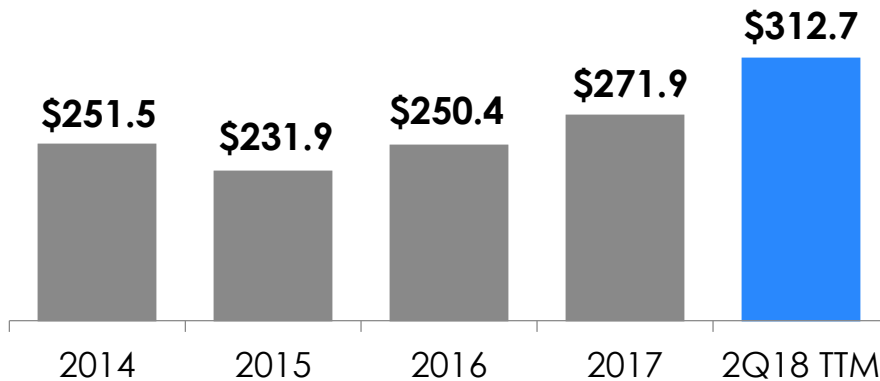
Days Sales Outstanding



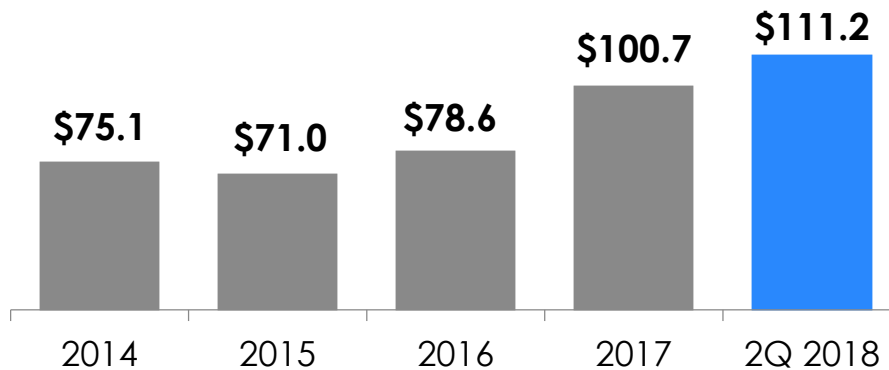
Record Orders & Backlog

(\$ in millions)

Orders



Backlog



Strength across all served markets

Backlog: majority to ship in 3-6 months

~\$225M awards in Vehicle market

Revenue ramp up in 2019 and be substantially completed in 2027

Not yet reflected in current orders or backlog



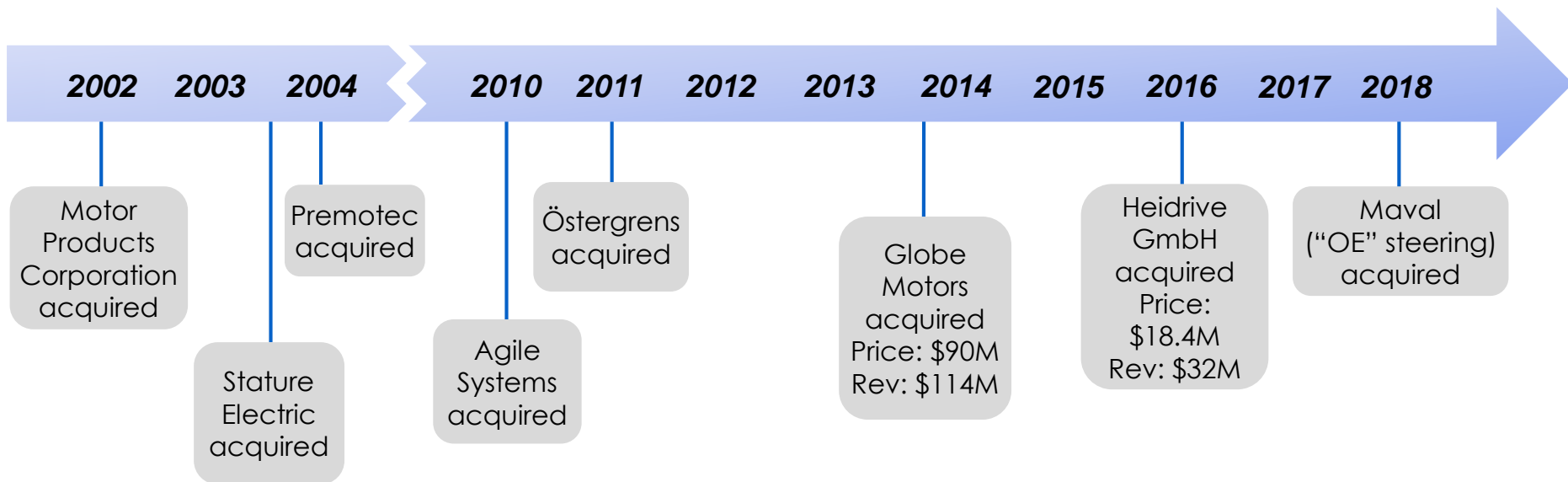
Motion Solutions that Change the Game

Growth Strategy and Outlook

Acquisition Strategy

Complementary/adjacent technologies, geographic expansion/depth, new customers in target markets

- 2001: Strategic decision to focus on motion and divest instrumentation business
- 2002: Sold instrumentation business; pure motion business with \$15.6M revenue
- Disciplined pricing strategy



Globe Motors revenue for the trailing twelve month period ended September 30, 2013; Heidrive GmbH revenue for 2015

Fiscal 2018 – Continue to Execute Strategy

Enhanced value proposition and building momentum

Record backlog and strong pipeline of opportunities provides confidence

Continue to strengthen *One Allied* approach to drive organic sales growth

- Further North America reorganization

**Adding new channel partners for distribution strategy:
goal of approx. 20 ASPs by year-end**

**Integrate steering business from Maval and continue to identify acquisitions
to enhance future growth opportunities**

Leverage enhanced IT infrastructure

- Continue implementing ERP to support planned growth

**Continued enhancement and development of Operational Effectiveness
Team & AST to drive continuous improvement in all business areas**



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Supplemental Information

Allied Motion Locations

Amherst NY	Worldwide Headquarters; NA Solution Center; Control Design & Manufacturing Center
Oakville, ON Canada (Controls)	Manufacturer
Tulsa, OK (Emotek Corp.)	Manufacturer: Servo Motors, Drives and Optical Encoders
Owosso, MI (Motor Products Corp.)	Manufacturer: BLDC & DC Commercial/Industrial Motors
Watertown, NY (Stature Electric)	Manufacturer: BLDC & DC Gear Motors & Transaxles
Dordrecht, The Netherlands (Premotec)	Manufacturer: Small Precision BLDC, DC, Step & Sync Motors
Stockholm, Sweden (Östergrens)	European Solution Center; Engineering and Design Center
Changzhou, China	High Volume and Low Cost Manufacturing
Dayton, OH (Globe Motors)	Engineering Design Center; Foundry
Dothan, AL (Globe Motors)	Military Aerospace, Industrial/Commercial Products; Machine Shop; Bearing Lab; Plating and FAA Overhaul Facility
Reynosa, Mexico (Globe Motors)	Automotive and Industrial Products
Porto, Portugal (Globe Motors)	Manufacturer
Kelheim, Germany (Heidrive GmbH)	Designer and manufacturer: Synchronous motion systems
Mrakov, Czech Republic (Heidrive GmbH)	Manufacturer
Twinsburg, OH (Maval)	Manufacturer: Steering system components

Management Team

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, *Chief Financial Officer*

- Joined in 2015, previously CFO at Osmose Holdings, Inc.

Robert Maida, *Vice President of Operational Excellence*

- Former Allied CFO, moved into new role in 2015
- Previously, Director of Finance, Avox Systems, Inc.; held various positions with API Motion/Danaher Motion, including Director of Finance, Applied Products Group

William Jesse, *Vice President of Sales – North America*

- Joined Globe Motors in 2003, former Director of Vertical Market Sales

Kenneth Wyman, *Vice President of Marketing*

- Joined in 2003, previously at Danaher Corporation

Susan Chiarmonte, *Vice President and Treasurer*

- Joined in 1991

Competition

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 EBITDA Reconciliation *(Unaudited)*

(\$ in thousands)

	For twelve months ended					2Q18
	Dec 31, 2014	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017		TTM
Net income	\$ 13,860	\$ 11,074	\$ 9,078	\$ 8,036	\$	11,581
Interest expense	6,435	6,023	6,449	2,474		2,526
Provision for income taxes	4,763	4,347	3,725	8,100		8,958
Depreciation and amortization	7,267	7,466	9,749	10,274		10,936
EBITDA	\$ 32,325	\$ 28,910	\$ 29,001	\$ 28,884	\$	34,001
Stock compensation expense	1,541	1,744	1,893	2,026		2,166
Business development costs	-	569	428	213		529
Insurance recoveries	-	-	(823)	-		-
Adjusted EBITDA	\$ 33,866	\$ 31,223	\$ 30,499	\$ 31,123	\$	36,696

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, business development costs and insurance recoveries), 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, 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.

Adjusted Net Income and EPS Reconciliation_(Unaudited)

(\$ in thousands)

	For twelve months ended				
	Dec 31, 2014	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017	2Q18 TTM
Net income	\$ 13,860	\$ 11,074	\$ 9,078	\$ 8,036	\$ 11,581
Tax Cuts and Jobs Act Impact	-	-	-	3,133	3,133
Non-GAAP Adjusted Net Income	\$ 13,860	\$ 11,074	\$ 9,078	\$ 11,169	\$ 14,714
Average Diluted Shares Outstanding	9,165	9,238	9,105	9,275	9,320
Diluted Income per share - GAAP	\$1.51	\$1.20	\$1.00	\$0.87	\$1.24
Diluted Income per share – Non-GAAP	\$1.51	\$1.20	\$1.00	\$1.22	\$1.58

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

Free Cash Flow to Net Income Reconciliation *(Unaudited)*

(\$ in thousands)

	For twelve months ended				
	Dec 31, 2014	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017	2Q18 TTM
Net income	\$ 13,860	\$ 11,074	\$ 9,078	\$ 8,036	\$ 11,581
Net cash from operating activities	20,186	20,073	14,303	25,407	25,410
Purchase of property and equipment	(4,046)	(4,730)	(5,188)	(6,201)	(9,079)
Operating Free Cash Flow	16,140	15,343	9,155	19,206	16,331
FCF to Net Income Ratio	1.16	1.39	1.00	2.39	1.41

Free Cash Flow to Net Income is defined as cash flow from operations less capital expenditures (purchase of property & equipment) divided by net income. Allied Motion believes that when used in conjunction with GAAP measures, operating free cash flow, which is a non-GAAP measure, assists in the understanding of Allied Motion's operating performance.

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