

Allied Nexus Technologies (Allient, Inc.)



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BETTER INVESTING
Rocky Mountain Chapter

Allient

COMPETITIVE ADVANTAGE THROUGH SYSTEM SOLUTIONS



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



Cartesian Robot Systems with Integrated Linear Motors, Single and Multi-Axis Drives and Controls



Synchronized Multi-axis Motion controllers, drives and actuation systems.



Lightweight composites, Electric Direct Drive Motors and Motor Systems for Ground Based Vehicles and Platforms



Hybrid Hexapod Systems with Integrated Linear Motors, Drives and Controls for multi-axis point precision



Highly Customized, customer specific, mission critical solutions - Custom Control, Drive, Software and Electromechanical Solutions

System capabilities evolve with strategic acquisitions

Building blocks include controls, drives, motors, gearing and feedback, light weighting and electrification technologies

System capabilities range from vehicle steering systems and motors with integrated drive electronics to nano-precision motion systems and ground-based vehicle electrification and light weighting

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WHAT'S NEXT – THE NEW NEXUS

*Allied Nexus Technologies (Allient) - Captures the value opportunity that exists by **Connecting** our three technology pillars: Motion, Controls and Power*

Allient is a natural evolution of our company building on the success of our well-defined growth strategy

Environmental and **Social** responsibility built-in

Market Focus provides more comprehensive solutions for a rapidly expanding set of opportunities in our key target markets

Replicate our growth and success in the Motion industry to an even broader base within the Controls and Power industries

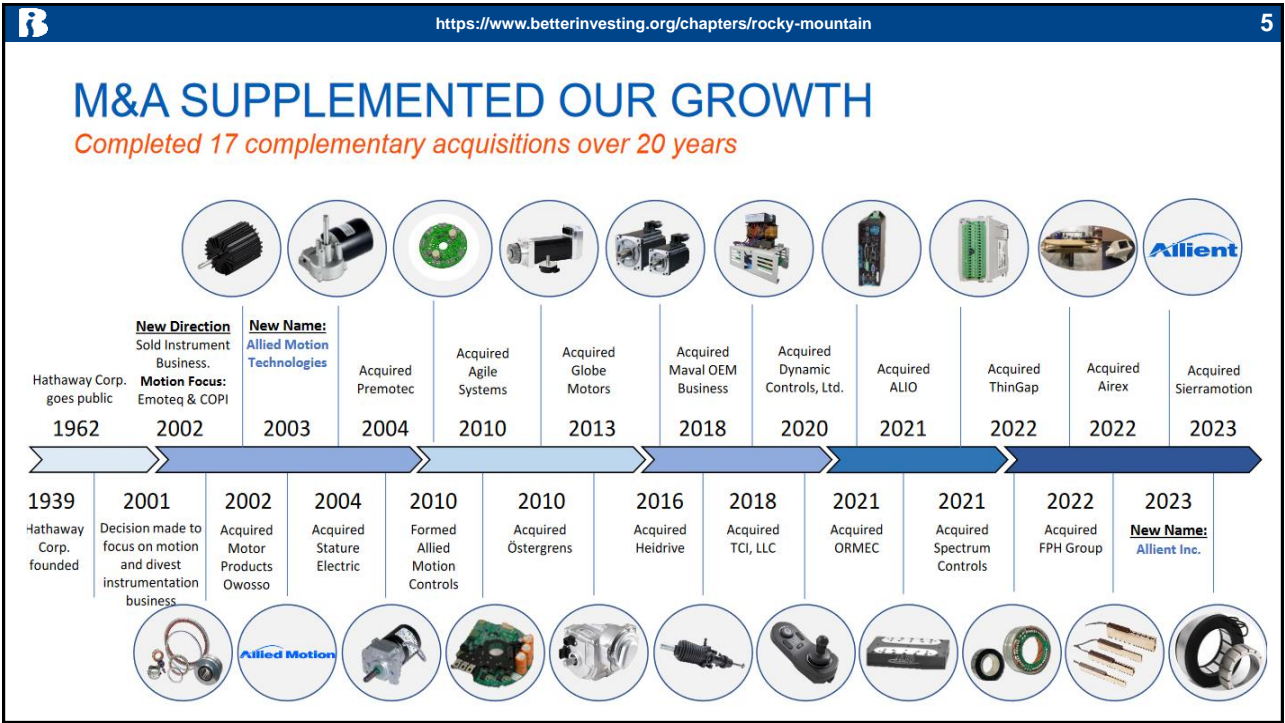
The Market Opportunity: Serviceable available market is double vs. Motion only



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Model Investment Club

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TARGET MARKET: VEHICLE

23% of TTM Q3 2023 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





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TARGET MARKET: MEDICAL



15% of TTM Q3 2023 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

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TARGET MARKET: AEROSPACE & DEFENSE

14% of TTM Q3 2023 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
- Lightweight composites for ground based vehicles
- Security and access control, camera systems, door access control
- Airport screening and scanning devices





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DIVERSIFIED REVENUE MIX

Revenue by Market (TTM)

Market	TTM Q3 2022	TTM Q3 2023
Distribution	4%	4%
A&D	12%	14%
Medical	18%	15%
Vehicle	27%	23%
Industrial	38%	43%

TTM Q3 2022 Rev: \$468.7 million

TTM Q3 2023 Rev: \$568.7 million

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

TTM Revenue Change and Market Drivers


- +48% Defense program timing
- +3% More normalized sales environment focused on surgical and instrumentation related end markets
- 0% Commercial automotive and powersports demand offset weaker agricultural demand
- +38% Strong end market demand within industrial automation, Oil & Gas, HVAC and material & vehicle handling

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MEGA TECHNOLOGY TRENDS


Electrification



Electrification supplanting internal combustion engines and hydraulics systems

Global adoption of electrification for defense systems and land, sea and air transportation

Energy Efficiency




Massive effort to reduce energy consumption

Reduces operating costs

Minimizes carbon footprint

Industrial Automation



Addresses challenging labor environment

Advances reshoring efforts

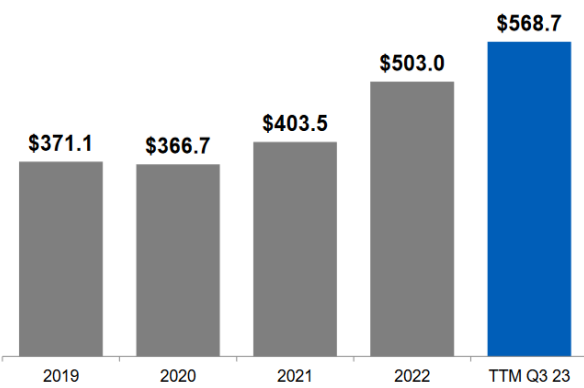
Drives efficiency and productivity

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RECORD REVENUE

(\$ in millions)



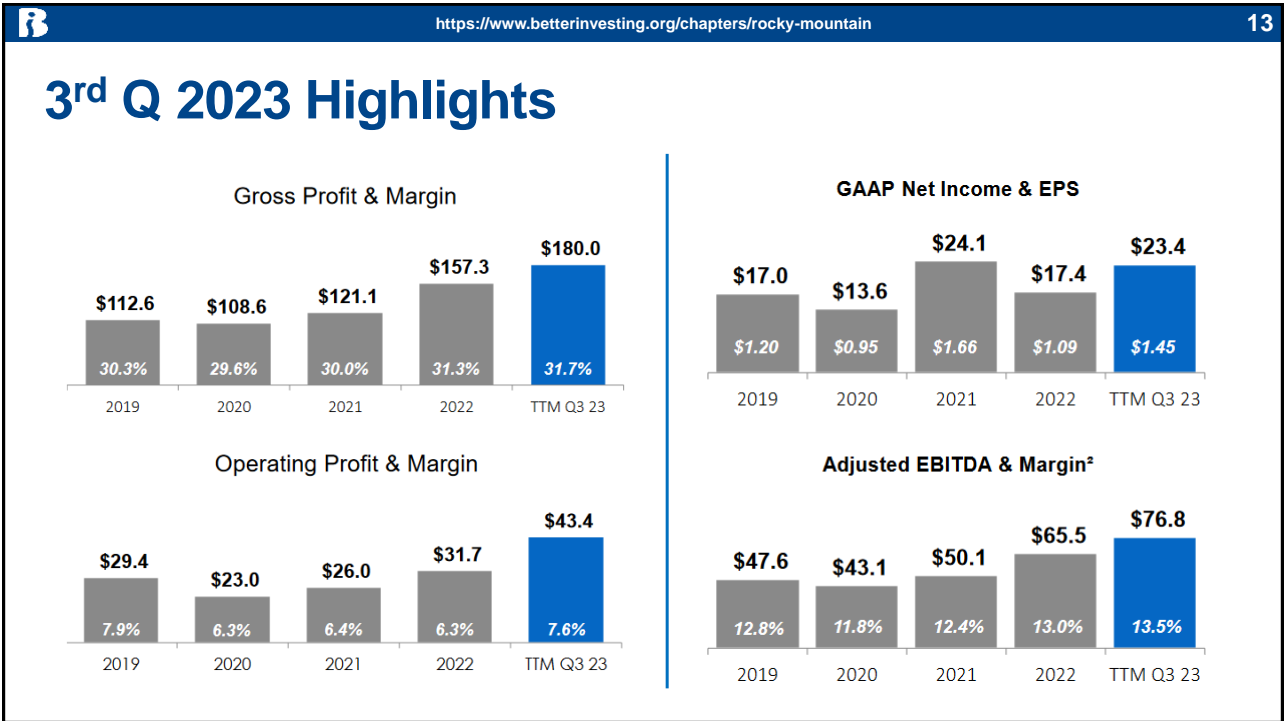
Year	Revenue (\$ in millions)
2019	\$371.1
2020	\$366.7
2021	\$403.5
2022	\$503.0
TTM Q3 23	\$568.7

Strong execution driving organic and inorganic growth

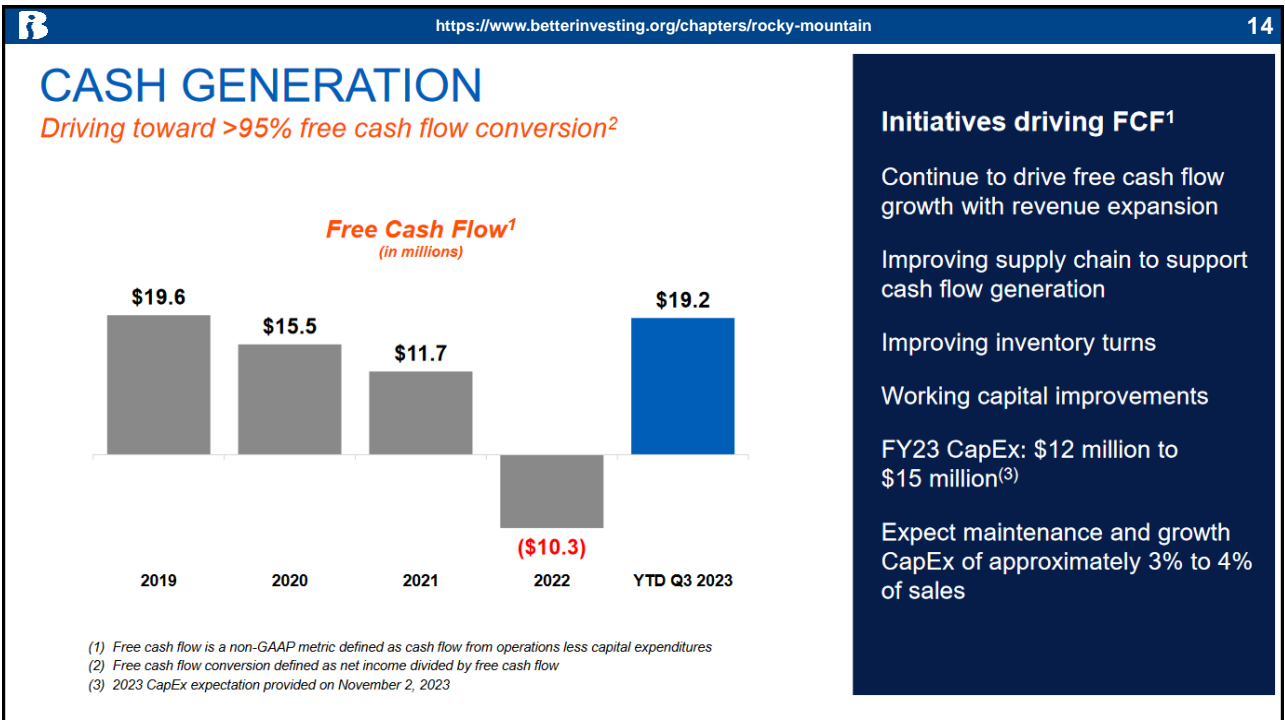
Acquisitions

- Sierramotion *Sept 2023*
- Airex *June 2022*
- FPH *May 2022*
- ThinGap *May 2022*
- Spectrum Controls *Dec 2021*
- ALIO *Nov 2021*
- ORMEC Systems *Nov 2021*

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BALANCE SHEET STRATEGY

Focused on a disciplined long-term strategy

Leverage Ratio¹

Year	Leverage Ratio
2019	2.3x
2020	2.8x
2021	3.0x
2022	3.4x
Q3 2023	2.9x

Debt/Total Capitalization

Year	Debt/Total Capitalization
2019	47.9%
2020	45.6%
2021	45.8%
2022	52.3%
Q3 2023	48.1%

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

Driving Financial Flexibility

Generate cash and de-lever balance sheet

- Target 2.5x leverage ratio to provide dry powder for M&A
- Comfortable at 3.0x leverage ratio
- Flex up to 4.0x for acquisitions and quickly de-lever back to target levels

Evaluating future debt structure

- Maintain current structure
- Term-debt
- Bonds, ARS, etc.

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ORDERS & BACKLOG

(\$ in millions)

Orders

Quarter	Orders (\$ millions)
Q3 22	\$126.2
Q4 22	\$145.6
Q1 23	\$123.2
Q2 23	\$137.0
Q3 23	\$154.9

Backlog

Quarter	Backlog (\$ millions)
Q3 22	\$310.2
Q4 22	\$330.1
Q1 23	\$308.6
Q2 23	\$298.7
Q3 23	\$309.6

Q3 23 Book:Bill 1.1x

Favorable \$1.5 million foreign currency translation

Backlog up 3% sequentially reflects large Defense order, partially offset by continued improvements within the supply chain

Majority to ship in three to nine months

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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:

Company	Ticker	Size	Manifest Quality	Manifest PAR
Ametek	AME	Mid	88	7.1
Royal Rexnord	RRX	Mid	68	13.1
Parker Hannifin	PH	Large	84	3.9
Vicor Corp	VICR	Small	81	17.4
Allient, Inc	ALNT	Small	78	24.3

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

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SWOT – Strengths (Internal to company)

- **Leader in designing, innovating controlled motion**
- **Combined technologies** enhance products
- **Growth by organic and strategic acquisitions** expand success, improve margins
- **Continuous improvements** in quality, delivery and cost
- **Diversification** of targeted markets and customers
- Hold **patents and trademarks**
- **E&D expense 8%** to maintain quality and respond to changes



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SWOT – Weakness (Internal to company)

- Purchase raw materials from **limited number of suppliers** due to rigid requirements
- Threat of **cybersecurity breach**
- **Technologies** are competitive and **subject to rapid change**
- Depend heavily on **limited group of customers**

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SWOT – Opportunities (External to company)

- **Demand in foreign countries** had been **bouncing back** more rapidly than in the U.S.
- **Recent production cuts decreasing manufacturing costs**, has created the need for new capacity
- End-market competitive pressures persist regardless of **capacity needs**, and **should be a source of sales growth**
- **Demand is likely to bounce back**, and improving environment in the U.S. and globally

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SWOT – Threats (External to company)

- **Conditions** in the manufacturing sector **are challenging**, and things **have improved a bit** of late
- **Uncertainties caused by higher interest rates, still-elevated inflation**, and the possibly of U.S. recession
- New orders, production, and employment are **rebounding at an uneven pace**

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Sales

17.1%	Average Past Two Years
13.2%	Manifest Investing
11.0%	5 yr. history & Small Cap Informer
8.1%	Most recent quarter

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EPS

30.0%	Yahoo analysts 5 yr. est.
25.0%	Manifest Investing
11.0%	Small Cap Informer
10.3%	Member Sentiment (limited # of studies)

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High P/E

32.6	No Outliers
31.0	Recent TTM
30.8	One Outlier
28.9	Two Outliers

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Low P/E

17.3	Most recent TTM
16.6	No Outliers
15.9	One Outlier
15.5	Two Outliers

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Low Price

20.1	5-year average low price
21.1	2022 Low Price
25.1	2023 Low Price
27.5	2021 Low Price