

## Allied Motion Technologies, Inc.

NasdaqGM:AMOT

**Analyst:** Daniel Bacchi

**Sector:** Industrials

**BUY**

Price Target: \$ 22.14

### Key Statistics as of 10/29/2015

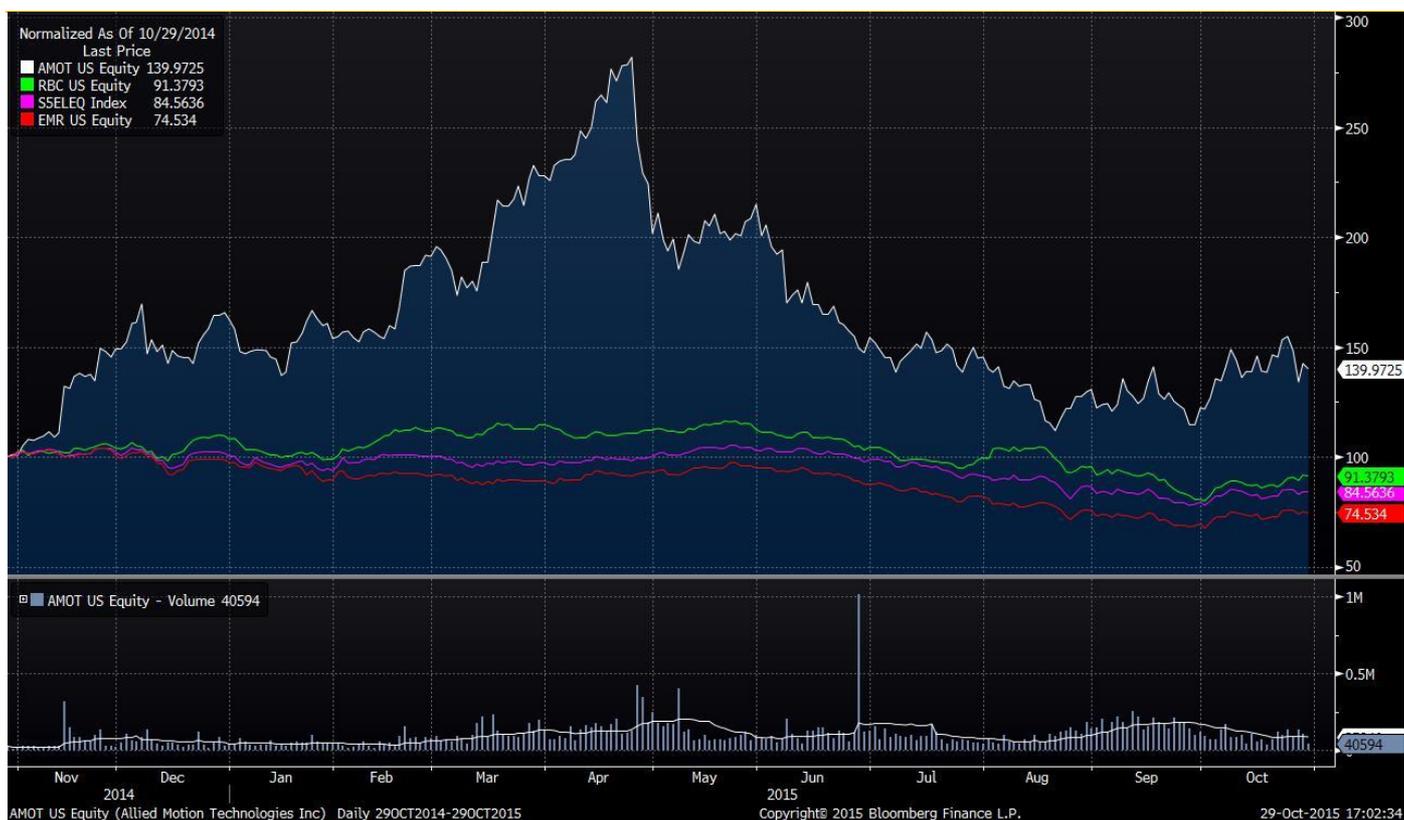
|                |                      |
|----------------|----------------------|
| Market Price:  | \$20.36              |
| Industry:      | Electrical Equipment |
| Market Cap:    | \$192.9 B            |
| 52-Week Range: | \$14.28-42.63        |
| 5Y Beta:       | 1.92                 |

### Thesis Points:

- Value creation through dynamic growth reinforced by innovative designs tailored to meet the current and emerging needs of customers
- Future possibility of inorganic growth through acquisitions
- Diversified customer base in multiple markets reduces risk to negative future earnings of the firm

### Company Description:

Allied Motion Technologies Inc. ("Allied Motion" or the "Company") was organized under the laws of Colorado in 1962 and operates in the United States, Europe and Asia. Allied Motion utilizes its underlying core "electro-magnetic, mechanical and electronic motion technology/know how" to provide compact, high performance products as solutions in a wide range of motion applications. The Company designs, manufactures and sells motors, electronic motion controls, gearing and optical encoders to a broad spectrum of customers throughout the world. The Company sells component and integrated motion control solutions to end customers and original equipment manufacturers ("OEM's") through its own direct sales force and manufacturers' reps and distributors. (Form 10-K, December 31, 2014)



## Thesis

Allied Motion has positioned themselves with an opportunity to growing dynamically through applied and design engineering solutions for electric motors and gearboxes in multiple markets throughout the world and inorganically through acquisitions. The past few years have shown their ability to implement their strategy and the future has a level of certainty of the continuation of implementation; it is therefore a recommended buy with a one-year target price of \$22.14. The potential of the one-year target to grow over the upcoming period is very likely, and future statements and actions of management will guide this assumption.

## Industry Outlook

Allied Motion Technologies Inc. operates in the electrical equipment industry, their key market segments include: Medical and Healthcare, Automotive, Aerospace and Defense, Electronics, and Industrial and Commercial. The past quarter saw an increase in sales from growth in the Aerospace and Defense, Medical and Electronics markets. As evident by exhibit 1, both Electrical Equipment and the Aerospace and Defense industry are in the accelerating growth phase of the business cycle as analyzed by experts. Other market segments occupied by Allied Motion are either in a decelerating growth phase, Medical and Industrial, or decelerating decline phase, Commercial Equipment and others. The future outcome of the markets will have an effect on the value of the firm; 86% of the value of the future firm is reliant on revenue and capturing the growth in sales is imperative. Fortunately, Allied Motion's diversified position in the markets has reduced the risk of negative outcomes and will serve them well in the coming months.

Exhibit 1

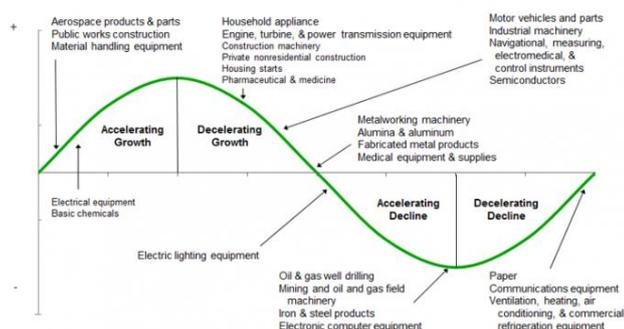


Exhibit 2



## Porter's Five Forces

The bargaining power of suppliers is low, due to a large number of suppliers available in the market. The cost of switching to another supplier for Allied Motion is very low as their diversified supplier base allows them to shift suppliers without changing price significantly.

The bargaining power of customers is medium low for Allied Motion even with the amount of suppliers in the market. Many customers are loyal to the supplier they currently purchase from, and although the cost of switching is relatively low, some corporations produce products that require modification to the application when switching suppliers. The products, overall, are very important to the operations of the customers reducing the overall bargaining power relative to price. Some customers require special customization that Allied Motion works to provide with advanced design and applied engineering.

The intensity of existing rivalry is medium high, the competition between firms to seize and retain customers is strong and the overall growth of the market is pinned to the growth of the markets supplied.

The threat of substitutes is low, the application of electric motors and gearboxes is ultimately the only solution for the majority of the markets Allied Motion serves. The advantage of using electric motors to the main substitute, combustion engines, is large. Electric motors provide a quieter operation with no substantial waste compared to other solutions; coupled with instant and perpetual torque, electric motors are the better solution and their value as a green alternative are seeing more popularity furthering the position of motors into the future. We have seen this in the automotive sector, where combustion engines have been the primary power plant of transportation. General consensus has

suggested that electrical motors are likely to be the new solution to the problems caused by combustion engines. The threat of new competition is low, the capital required to research, develop, and produce, in meaningful quantities, electrical motors is intense. The existing producers, on average, retain customers due to brand loyalty and the success of research and development in new, innovative applications of electric motors in both emerging sectors and existing sectors. Allied Motion's position in the market is firm based on qualitative and quantitative data. Management's prediction of the future, organic growth through innovative engineering, further solidifies the position of Allied Motion into the market.

## Strategy and Initiatives

Allied Motion's strategy will serve them well in a market entrenched with competition fighting to secure customers. Their current strategy is "Motion Solutions That Change the Game" and this approach will provide solutions to meet customer's current and emerging problems with applied and design engineering that will give them a step ahead of competition. Allied provides compact, differentiated products and systems that add value to the customers' operations and, ultimately, products. Allied Motion's local support provides an additional competitive advantage to retaining new and existing customers. Their initiative to create an Operational Excellence Team will implement Allied Systematic Tools<sup>SM</sup>, a lean program designed to "drive continuous improvement in quality, cost, delivery, and innovation throughout the company."

Exhibit 3



The acquisition of Globe Motors, Inc. in October of 2013 not only provided a percentage of the 99% increase in revenue but also the intangible assets and technology

of the R&D department of the target. Allied Motion, going forward, will have an increased ability to engineer applied and design solutions to customers, employing the work of the R&D teams from both firms.

Management noted that with the addition of several engineers as well as consultants, Allied is working on the development of a next-generation product line that will serve to not only attract new customers but retain the existing customer base.

With a strategic focus on motion technology and know-how, Allied Motion has implemented and will continue to implement initiatives that will complement the overall strategy, "Motion Solutions that Change the Game." Financially, the strategy will receive extensive investment for design, production and testing of new lines and products.

## Stock Ownership for Non-Employee Directors and the Employee Stock Ownership Plan

The success of the company does not only affect customers, and shareholders; Allied requires that directors, management and employees own shares in the firm with the goal of generating positive actions and decisions due to an increased stake in the company for those individuals. Every action and decision made will not only affect the outside shareholders wealth but will have financial implications on the employees' and director's stake in the corporation.

This may scare some investors away knowing that insiders own shares in the firm. Often outside investors perceive the purchase and sale of shares by insiders as either a positive (outside investors purchase excess shares) or negative (outside investors fire sale to pull out of their position).

In the case of Allied, the requirement for the agents and principals to own shares muddles how outside investors should act. The action that outside investors should take in Allied Motion's case is definitely one of caution; however, it would be safer to maintain position until further financial data is released.

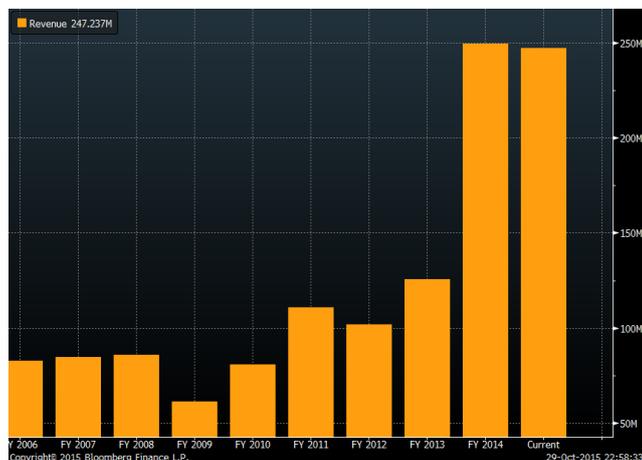
## Financials

The results from 2014 and the Last Twelve Months (LTM) has provided an insight into what can be

expected in the future if Allied Motion is able to effectively implement their strategy and initiatives.

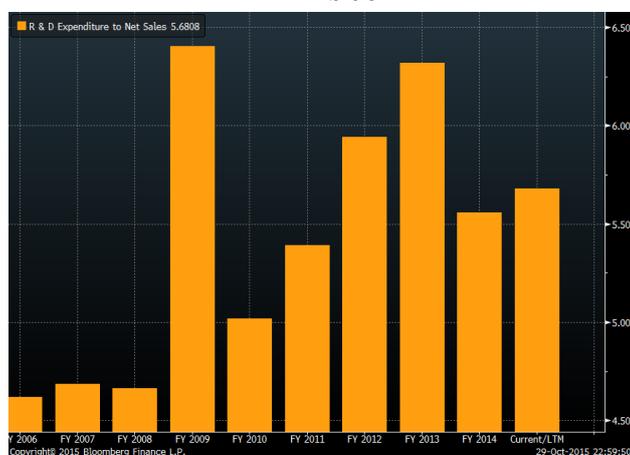
The main catalyst for growth in 2014 was the acquisition of Globe Motors, Inc. Increases in Vehicle, and Aerospace and Defense markets driven from the acquisition provided a share of the 98.9% increase in sales. Sales for US customers, in the same period, also increased 130% while non-US customer sales increased 52%.

Exhibit 4



The acquisition of Glove also generated an increased cost but Allied managed, in the same period, to decrease selling expenses as a percentage of sales; demonstrating the result of Allied Motion's lean initiative. As mentioned R&D was increased due to Globe's own program; 2014 saw a 75% increase in R&D expenses. As a percentage of sales, however, this increase actually reduced from 2014's R&D as a percentage of sales.

Exhibit 5



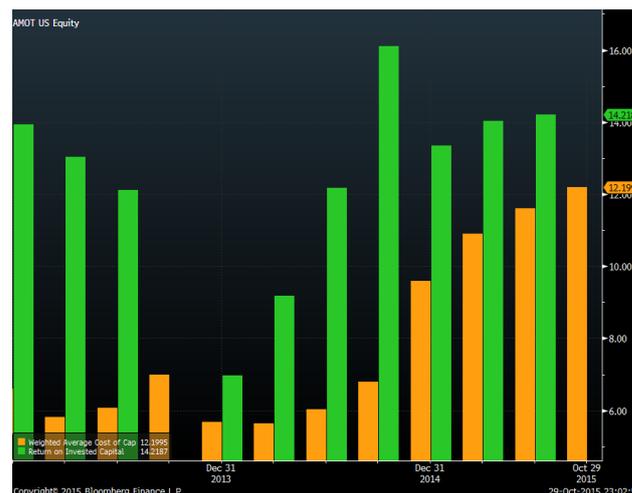
The balance sheet paints Allied in a safe position. The firm's unadjusted D/E currently lies at 1.24, historically debt was not a large percentage compared to equity, the nearly 0% debt that was found prior to 2013 changed upon the financing of a portion of the cash price paid for Globe Motors, Inc. The debt financed matures in 2018. Total net debt over EBITDA is currently 2.00

times; with 3 years to pay off the full maturity of the debt, it is reasonable to assume that the loan will not require re-financing in the long term, coupled with the firm's ability to generate cash leaves confidence in not worrying about the payment of debt. Total cash stands at 11.34M reduced from the previous period but well above historical total cash, which averaged 4.59M in the 7 year period starting in 2005.

A 25% growth of revenue was achieved in the LTM, which is nearly a -75% change in growth from the percentage attained in 2014, This provides insight into the length of the growth achieved with the acquisition. The growth was mainly produced in the first two or three quarters of 2014. The reasoning for the growth in the last period is mainly organic in contrast to the primarily inorganic growth found in 2013-2014 due to the acquisition of Globe. The key result of the acquisition was the explosion in Allied Motion's growth in the Aerospace and Defense industry. The most striking metric, which is linked to growth in other margins, is NOPLAT as a percentage of revenue; in the LTM a NOPLAT of 10% was attained, matching the previous period (2014), and was well above NOPLAT in 2005 that stood at 4% of revenue. Linked to ROIC, NOPLAT, is a piece of the puzzle for the future to determine whether Allied Motion Technologies, Inc. is creating value.

Both WACC and ROIC have seen comparable growth, indicating Allied Motion Technologies, Inc. has shown historical attainment of value creation, and will likely continue into the convergence period. The increase in WACC is attributable to an increase in both cost of debt and cost of equity. Weights of equity and debt throughout the history of the company have been volatile. Equity reached a high weight in 2010 of 88.30%, but has been as low as 54%.

Exhibit 6



As compared to select peers in the current period Allied Motion has produced increased growth in key metrics. The average sales growth for the peers was 5.52%, Allied Motion attained growth, via acquisitions (inorganic) and organic growth through initiatives and increased exposure, of 25.18%. A 54% growth in EBITDA through similar reasons to sales was larger than the average of 8.21%. The growth in EBITDA is expected to rise, considering all firms converge to industry or peer averages. Allied Motion, currently produces a 13.31% EBITDA margin, below the 17.17% average margin achieved by peers. Increasing economies of scale and focus on reducing operating costs will be key for Allied Motion to mimic the peers. Return on Invested Capital, Return on Assets and Return on Equity are all above peer average from 4 to 9 percentage points each. Overall the firm has shown that the future convergence will mimic either peers or the sub-industry, with room to grow it is imperative that Allied Motion Technologies Inc. focuses on initiatives that, in the long term, will situate their ratios closer or above the averages.

## What is the Market Seeing or Not Seeing?

Average 3 month daily volume is only 114,224, according to YAHOO finance. Majority ownership is 50.76% by investment advisors; 7.66% of the shares outstanding are owned by Juniper Investment Company, focused on investments offering unique market opportunities, and providing alpha-driven returns provides some insight into perceived notions about Allied Motion. The ownership is divided even further, individuals account for 36.34% of ownership, the ESOP's share of ownership is 5.45%.

On June 26, 2014, a large volume of trading occurred, approximately 1.015 million shares were moved, compared to an average volume of .095 million that day's volume was a substantial percentage (968% increase). The only explanation provided is two SEC filings, from June 24, 2014, of Form 4 (Statement of Changes in Beneficial Ownership of Securities). The form, which relays notification of insider trading was filed as a result of instruction for tax reasons pertaining to the ESOP of Allied Motion. Interest in the firm may also have been generated as the end of Q2 of Allied Motion fell on June 30<sup>th</sup>, 2014.

I believe the market is not fully enticed by Allied Motion and for that reason, the firm is not being examined by investors. The firm is small, with a market cap of

192.88M it will be ignored by investors as being too small to examine. This theory is further developed by the lack of analyst coverage.

## Valuation

The valuation of Allied Motion Technologies Inc. is based on a valuation computed by a pro forma using a discounted cash flow model and a main focus on return on total capital. At the end of the report is attached a brief overview of assumptions and results of the pro forma.

When valuing Allied Motion a conservative approach has been applied. Because of the nature of the business and length of time Allied Motion has been in the industry a 5 year period to convergence was chosen.

Growth rate in the LTM was 98%, primarily as a result of the Globe acquisition in late 2013. No analyst's forecasts are available and management relayed no quantitative information as to future growth of the corporation. Based on further growth in the Aerospace and Defense, and Electrical Equipment markets it was apparent that a percentage of the growth attained in the LTM will continue in the upcoming periods. The diversification and large customer base will bode well in the organic growth of the firm.

The financial metrics of the firm were made to converge to peers, with some metrics chosen to stay constant due to a large difference in peer average compared to Allied Motion's current (LTM) value. These metrics were used to attain a valuation of the company converging to peer averages through the continuing period. The intrinsic value of the firm based on ROC and a market premium of 5.5% was too large of a gap to take serious. Two premiums, based on Fama-French concepts, were added to the market premium of 5.5%. A premium of .52% was added based on the benchmark factor, Small Minus Big (SMB), calculated from averaging returns of small cap and large cap firms from 1926 to the current period. .98% was unaccounted for but reasoning led to country risk, based on Allied Motion's operations and sales in foreign countries. The 7% market premium used in the final version of the pro forma computed a firm intrinsic value of \$20.47, 11 cents from the current price.

## Summary

Analytics leads me to believe that Allied Motion Technologies, Inc. is a true diamond in the rough that has managed to remain undetected – until the release of

this analysis – the remaining question, however is when interest will generate for the firm. I believe large organic or inorganic growth in sales will be the primary catalyst that will garner interest in the future value of the firm as a whole. Barring any future problems or negative outcomes, I see this firm growing further and surpassing the historical high, recorded on the last day in March of 2015, of \$33.19. The firm will be webcasting their Q3 Earnings Report on November 11, 2015, the outcome of the call will generate a new future value for the firm, the time to decide is short but currently the analysis and valuation presented for Allied Motion Technologies Inc. points only to one decision, BUY.

Exhibit 7

| Sensitivity Analysis Results                      | Attribution |
|---|-------------|
| Revenue Variation                                 | 82.4%       |
| Market Risk Premium (Long term country risk estim | -12.5%      |
| Op. Costs Variation                               | -4.7%       |
| Continuing period growth in revenues              | 0.3%        |

Sources:

- Allied Motion Technologies Inc. , 10-K
- Capital IQ
- Bloomberg
- SEC
- www.alliedmotion.com
- Seeking Alpha AMOT Q2 2015 results – Earnings Call Transcript
- Fama-French data was found at <http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/>
- <https://www.mapi.net/research/publications/us-industrial-outlook-september-2015>

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|--|----------------------|--|--|--|--|--|------------------------------------|--------------------------|----------------|
| <b>Allied Motion Technologies Inc.</b> |                      | <b>amot</b>                            | <b>Analyst</b><br><b>Daniel Bacchi</b> | <b>Current Price</b><br><b>\$20.36</b> | <b>Intrinsic Value</b><br><b>\$20.47</b> | <b>Target Value</b><br><b>\$22.14</b>  | <b>Divident Yield</b><br><b>0%</b> | <b>1-y Return: 9.21%</b> | <b>NEUTRAL</b> |
| <b>General Info</b>                    |                      | <b>Peers</b>                           |  | <b>Market Cap.</b>                     |  | <b>Management</b>  |                                    |                          |                |
| Sector                                 | Industrial           | Ametek Inc.                            |  | \$13,130.13                            |  | <b>Professional</b>  |                                    |                          |                |
| Industry                               | Electrical Equipment | Moog Inc.                              |  | \$2,325.32                             |  | Warzala, Richard   |                                    |                          |                |
| Last Guidance                          | (Invalid Identifier) | Danaher Corp.                          |  | \$63,457.42                            |  | Title  |                                    |                          |                |
| Next earnings date                     | November 11, 2015    | Vicos Corp.                            |  | \$382.39                               |  | Comp. FY2012   |                                    |                          |                |
| <b>Market Data</b>                     |                      | Revolution Lighting Technologies, Inc. |  | \$126.44                               |  | Comp. FY2013   |                                    |                          |                |
| Enterprise value                       | \$254.80             | Powell Industries, Inc.                |  | \$375.63                               |  | Comp. FY2014   |                                    |                          |                |
| Market Capitalization                  | \$192.88             | FuelCell Energy Inc.                   |  | \$237.44                               |  | Chairman, Chief Executive Officer and Presid   |                                    |                          |                |
| Daily volume                           | 65.52                | Preformed Line Products Company        |  | \$217.51                               |  | Chief Technology Officer and Vice President o  |                                    |                          |                |
| Shares outstanding                     | 9.29                 | SL Industries Inc.                     |  | \$137.41                               |  | Vice President of Operational Excellence   |                                    |                          |                |
| Diluted shares outstanding             | 9.21                 | Generac Holdings Inc.                  |  | \$2,086.42                             |  | Chief Financial Officer  |                                    |                          |                |
| % shares held by institutions          | 57.59%               | <b>Current Capital Structure</b>       |  |  |  | Chiamonte, Susan   |                                    |                          |                |
| % shares held by insiders              | 33.94%               | Total debt/Common Equity (LTM)         |  | 0.44                                   |  | Vice President and Treasurer   |                                    |                          |                |
| Short interest                         | 2.13%                | Cost of Borrowing (LTM)                |  | 7.93%                                  |  | Kubarek, Joseph  |                                    |                          |                |
| Days to cover short interest           | 1.71                 | Estimated Cost of new Borrowing        |  | 6.36%                                  |  | <b>Past Earning Surprises</b>  |                                    |                          |                |
| 52 week high                           | \$42.63              | Altman's Z                             |  | 3.74                                   |  | <b>Revenue</b>   |                                    |                          |                |
| 52-week low                            | \$14.28              | Estimated Debt Rating                  |  | CCC                                    |  | <b>EBITDA</b>  |                                    |                          |                |
| β Beta                                 | 1.92                 | Current levered Beta                   |  | 2.06                                   |  | <b>Norm. EPS</b>   |                                    |                          |                |
| 6-month volatility                     | 62.96%               | LTM WACC                               |  | 13.88%                                 |  | <b>Standard Error of "Surprise"</b>  |                                    |                          |                |
|  |                      |  |  |  |  | Last Quarter   |                                    |                          |                |
|  |                      |  |  |  |  | Last Quarter-1   |                                    |                          |                |
|  |                      |  |  |  |  | Last Quarter-2   |                                    |                          |                |
|  |                      |  |  |  |  | Last Quarter-3   |                                    |                          |                |
|  |                      |  |  |  |  | Last Quarter-4   |                                    |                          |                |
|  |                      |  |  |  |  | Standard error   |                                    |                          |                |
|  |                      |  |  |  |  | Standard Error of Revenues prediction  |                                    |                          |                |
|  |                      |  |  |  |  | Imputed Standard Error of Op. Cost prediction  |                                    |                          |                |
|  |                      |  |  |  |  | Imputed Standard Error of Non Op. Cost prediction  |                                    |                          |                |
|  |                      |  |  |  |  | <b>Industry Outlook (Porter's Five Forces)</b>   |                                    |                          |                |
|  |                      |  |  |  |  | Bargaining Power of Suppliers (50th Percentile), Bargaining Power of Customers (0th Percentile), Intensity of Existing Rivalry (33th Percentile), Threat of Substitutes (83th Percentile), Threat of New Competition (67th Percentile), and Overall (74th Percentile). |                                    |                          |                |

|  |  |  |  |  |                              |  |                                   |  |                            |  |   |
|--|--|--|--|--|------------------------------|--|-----------------------------------|--|----------------------------|--|---|
| <b>Convergence Assumptions</b>   |  |  |  |  |                              |  |                                   |  |                            |  |   |
| <b>General Assumptions</b>   |  |  | <b>Items' Forecast Assumptions</b>           |  |                              |  | <b>Other Assumptions</b>          |  |                            |  |   |
| Money market rate (as of today)  |  |  | 0.32%  |  | <b>Base year (LTM)</b>       |  | <b>Convergence period (Peers)</b> |  | <b>Adjustment per year</b> | Tobin's Q  | 80%                                       |
| All base year ratios linearly converge towards the Peers ratios over an explicit period of 5 years |  |  | Risk-Free rate (long term estimate)          |  | Operating Cash /Rev.         |  | 0.00%                             |  | 0.0%                       | Excess cash reinvestment   | Money market rate                         |
|  |  |  | Annual increase (decrease) in interest rates |  | NWV /Rev.                    |  | 14.49%                            |  | -0.1%                      | Other claims on the firm's assets  | \$0.00                                    |
|  |  |  | Marginal Tax Rate                            |  | NPPE /Rev.                   |  | 14.63%                            |  | 12.73%                     |  | <b>Capitalization</b>                     |
|  |  |  | Country Risk Premium                         |  | Dptr /NPPE                   |  | 13.17%                            |  | 0.2%                       | 100% of all rent expenses are capitalized and amortized 'straightline' over 10 years |   |
|  |  |  |  |  | NOPAT MARGIN                 |  | 10.06%                            |  | 0.2%                       | 100% of all R&D expenses are capitalized and amortized 'straightline' over 10 years  |   |
| <b>Forecast Year</b>   |  |  | <b>Revenue Growth Forecast</b>               |  | <b>Revenue (\$)</b> Forecast |  | <b>Op. Exp. /Rev.</b>             |  | -0.3%                      | E&P expenses are not capitalized   |   |
| LTM  |  |  |  |  | \$247.24                     |  | SBC /Rev.                         |  | -0.1%                      | SG&A expenses are not capitalized  |   |
| FY2015   |  |  | 5.0%   |  | \$259.60                     |  | Rent Exp. /Rev.                   |  | 0.0%                       |  | <b>Valuation Focus</b>                    |
| FY2016   |  |  | 5.0%   |  | \$272.58                     |  | R&D /Rev.                         |  | 5.70%                      | DCF Valuation  | 100%                                      |
| FY2017   |  |  | 4.0%   |  | \$283.48                     |  | E&D /Rev.                         |  | 0.0%                       | Relative valuation   | 0%  |
| FY2018   |  |  | 3.5%   |  | \$293.40                     |  | SG&A /Rev.                        |  | 23.27%                     | Distress Valuation   | 0%  |
| FY2019   |  |  | 3.3%   |  | \$302.94                     |  | ROC                               |  | 10.00%                     |  | <b>Monte Carlo Simulation Assumptions</b> |
| FY2020   |  |  | 3.1%   |  | \$312.41                     |  | EV /Rev.                          |  | 1.44x                      | Revenue Growth deviation   | Normal (0%, 1%)                           |
| FY2021   |  |  | 3.1%   |  | \$321.97                     |  | EV/EBITDA                         |  | 7.85x                      | Operating expense deviation  | Normal (0%, 1%)                           |
| FY2022   |  |  | 3.0%   |  | \$331.73                     |  | Debt/Equity                       |  | 344%                       | Continuing Period growth   | Triangular (5.335%, 7.5%, 5.665%)         |
| FY2023   |  |  | 3.0%   |  | \$341.74                     |  | Unlevered beta                    |  | 1.62                       | Country risk premium   | Triangular (2.91%, 3%, 3.09%)             |
| FY2024   |  |  | 3.0%   |  | \$352.02                     |  | Dividends /REV                    |  | 0%                         | Intinsic value σ(e)  | \$0.04                                    |
| Continuing Period  |  |  | 3.0%   |  | \$362.58                     |  |                                   |  |                            | 1-year target price σ(e)   | \$0.05                                    |

|  |  |            |             |                      |                                 |  |                           |                        |                                       |
|--|--|------------|-------------|----------------------|---------------------------------|--|---------------------------|------------------------|---------------------------------------|
| <b>Valuation</b>   |  |            |             |                      |                                 |  |                           |                        |                                       |
| <b>Forecast Year</b>   |  | <b>ROC</b> | <b>WACC</b> | <b>Total Capital</b> | <b>Implied Enterprise Value</b> | <b>Other Claims on Assets and Dilution Costs</b> | <b>Shares Outstanding</b> | <b>Price per Share</b> | <b>Monte Carlo Simulation Results</b> |
| LTM  |  | 13.0%      | 13.9%       | \$220.20             | \$194.13                        | \$4.64   | 9.29                      | \$19.95                |                                       |
| FY2015   |  | 13.2%      | 13.6%       | \$236.05             | \$207.30                        | \$4.68   | 9.29                      | \$21.52                |                                       |
| FY2016   |  | 12.9%      | 13.4%       | \$257.76             | \$226.43                        | \$4.71   | 9.29                      | \$23.37                |                                       |
| FY2017   |  | 12.4%      | 13.2%       | \$279.87             | \$246.64                        | \$4.69   | 9.29                      | \$25.29                |                                       |
| FY2018   |  | 11.9%      | 13.1%       | \$302.80             | \$268.55                        | \$4.64   | 9.29                      | \$27.33                |                                       |
| FY2019   |  | 11.4%      | 12.8%       | \$326.83             | \$292.40                        | \$4.56   | 9.29                      | \$35.30                |                                       |
| FY2020   |  | 10.9%      | 10.4%       | \$351.19             | \$311.40                        | \$4.70   | 9.29                      | \$36.87                |                                       |
| FY2021   |  | 10.4%      | 10.4%       | \$376.43             | \$332.44                        | \$4.83   | 9.29                      | \$38.56                |                                       |
| FY2022   |  | 10.0%      | 10.5%       | \$402.61             | \$355.78                        | \$4.99   | 9.29                      | \$40.41                |                                       |
| FY2023   |  | 9.7%       | 10.6%       | \$429.77             | \$381.73                        | \$0.00   | 9.29                      | \$42.42                |                                       |
| FY2024   |  | 9.3%       | 10.7%       | \$457.96             | \$410.62                        | \$0.00   | 9.29                      | \$44.62                |                                       |
| Continuing Period  |  | 10.0%      | 10.7%       | \$467.54             |                                 |  |                           |                        |                                       |
| <b>Sensitivity Analysis</b>  |  |            |             |                      |                                 |  |                           |                        |                                       |
| Revenue growth variations account for 82.4% of total variance          |  |            |             |                      |                                 |  |                           |                        |                                       |
| Risk premium's variations account for -12.5% of total variance         |  |            |             |                      |                                 |  |                           |                        |                                       |
| Operating expenses' variations account for -4.7% of total variance     |  |            |             |                      |                                 |  |                           |                        |                                       |
| Continuing period growth variations account for 0.3% of total variance |  |            |             |                      |                                 |  |                           |                        |                                       |