



AB Dynamics

Knowledge, design, product and service

Full Year Results 2014

Executive Team



Anthony Best, Executive Chairman

- Tony has worked for Rolls-Royce, Avon Rubber and Moulton Developments
- He founded Anthony Best Dynamics in 1982
- He is a Fellow of the Royal Academy of Engineering, Fellow of the Institution of Mechanical Engineers and is on the Court of the Worshipful Company of Engineers



Tim Rogers, Managing Director

- Tim has extensive experience within the engineering sector
- He has public board experience managing companies as CEO and Executive VP of Clean Diesel Technologies, Inc
- Mr Rogers joined the Group in October 2012.
- Tim studied engineering at Oxford Brookes University and has a strong grounding in mechanical and production engineering



Robert Hart, Finance Director

- Robert joined the Group in 2008 as Commercial Manager and is primarily responsible for all financial aspects of the business.
- He has prior experience of working at public companies; he was a Commercial Financial Analyst at First Group plc, before joining Unite Group Plc, as Financial Controller of the manufacturing division
- Rob has an BSc in Mathematics and Computing from The University of East Anglia and is a Fellow of the Association of Chartered Certified Accountants



The Business



AB Dynamics designs, manufactures and supplies advanced testing and measurement products to the global automotive industry for vehicle suspension, brakes and steering systems

- Founded in 1982 in Bradford on Avon
- Listed on AIM in May 2013
- Track record of significant profit growth
- Almost 90% of sales non UK
- Strong forward order book
- Customers include R&D divisions of world leading automotive companies



2014 Highlights



- Financial Highlights

- Revenues increased 14% to £13.85 million (2013: £12.2 million)
- Operating Profit before tax increased 43% to £2.68 million (2013: £1.87 million)
- Cash flows from operations strong at £2.82 million (2013: £2.01 million)
- Net cash at 31st August 2014 of £4.9 million (2013: £6 million)
- Proposed a final dividend of 1.5 p per share making a total of 2.5p for the year

- Operational Highlights

- Received first orders for the Soft Pedestrian Targets
- Record sales of Track testing products worldwide
- New 3500 ft² dedicated robot manufacturing facility opened
- Planning consent for build of new factory facility granted - target completion Q3 2016

Growth Drivers



- **ABD is experiencing growth from a number of key market drivers:**
 - New and increasing vehicle safety legislation
 - Automotive industry is expanding into growing markets in Asia, particularly in China
 - Demand continues to grow in Asia
- **ABD continues to drive growth through investment in key areas:**
 - Additional production capacity
 - 3,500 sq feet of additional office and factory space secured in 2014
 - New facility to open in Q3 2016
 - Establish presence in Japan & China – develop proprietary marketing, sales support and distribution channels
 - Engineer placed in Japan to support further market growth in H1 2014
 - Explore complementary new technologies – organically and through acquisition

Top Customers



Automotive OEMs

- Audi / VW
- BMW
- Daimler
- Toyota
- Honda
- Ford
- Hyundai
- First Auto Works (FAW) China

Automotive tier 1 suppliers

- Continental GmbH
- Thatcham
- MIRA
- Michelin
- Goodyear Inc
- Hankook Tire mfg co
- ADAC
- UTAC

All of the top twenty automotive manufacturers routinely use the Group's products

Financial Highlights

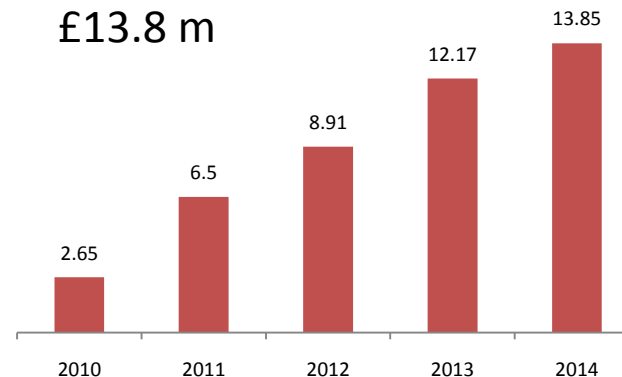


Income Statement

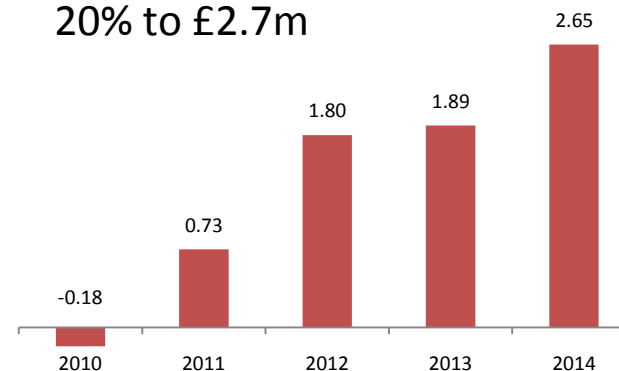


	Year ended 31 August 2014 £	Year ended 31 August 2013 £
<i>Continuing operations</i>		
Revenue	13,846,562	12,171,473
Cost of sales	(9,816,570)	(9,048,895)
Gross profit	4,029,992	3,122,578
Administrative expenses	(1,378,718)	(914,344)
Operating profit before AIM transaction costs	2,651,274	2,208,234
AIM transaction costs	-	(315,305)
Operating profit	2,651,274	1,892,929
Net finance income and (costs)	25,692	(27,698)
Profit before taxation	2,676,966	1,865,231
Corporation tax expense	(525,055)	(441,974)
Profit after taxation	2,151,911	1,423,257
Other comprehensive income	-	-
Total comprehensive income for the year attributed to equity holders	2,151,911	1,423,257
Earnings per share - Basic (pence)	13.08p	10.01p
Earnings per share - Diluted (pence)	12.11p	9.48p
Adjusted EPS (before AIM transaction costs):		
Adjusted earnings per share - Basic (pence)	13.08p	12.23p
Adjusted earnings per share - Diluted (pence)	12.11p	11.58p

- Revenue increased 14% to £13.8 m



- Operating Profit excluding non-recurring AIM costs increased 20% to £2.7m



- PBT £2.7m

Balance Sheet



	Year ended 31 August 2014 £	Year ended 31 August 2013 £
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,219,983	1,012,109
	<u>1,219,983</u>	<u>1,012,109</u>
CURRENT ASSETS		
Inventories	1,998,831	1,486,390
Trade receivables	4,339,755	1,132,625
Other receivables, deposits and prepayments	185,007	266,950
Amount owing by contract customers	949,197	1,736,598
Financial instruments	-	-
Cash and cash equivalents	4,896,206	5,990,176
	<u>12,368,996</u>	<u>10,612,739</u>
TOTAL ASSETS	<u>13,588,979</u>	<u>11,624,848</u>
EQUITY AND LIABILITIES		
Share capital	167,757	163,070
Share premium	2,385,910	2,302,528
Reconstruction reserve	(11,284,500)	(11,284,500)
Merger relief reserve	11,390,000	11,390,000
Retained profits	7,666,718	5,650,416
Total equity attributable to owners of the Company and total equity	<u>10,325,885</u>	<u>8,221,514</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	79,273	41,923
CURRENT LIABILITIES		
Trade and other payables and accruals	2,913,843	3,163,093
Provision for taxation	269,978	198,318
	<u>3,183,821</u>	<u>3,361,411</u>
TOTAL LIABILITIES	<u>3,263,094</u>	<u>3,403,334</u>
TOTAL EQUITY AND LIABILITIES	<u>13,588,979</u>	<u>11,624,848</u>

- Debt free with net cash of £5 million

Cash Flow



	Year ended 31 August 2014 £	Year ended 31 August 2013 £
Cash flow from operating activities		
Profit before taxation	2,676,966	1,865,231
Adjustments for:-		
Depreciation of property, plant and equipment	135,645	92,127
Loss on sale of property, plant and equipment	257	2,753
Finance income and costs	-	44,821
Interest income	(25,692)	(17,123)
Share based payment	27,861	18,613
Operating profit before working capital changes	2,815,037	2,006,422
Increase in inventories	(512,441)	(11,285)
Increase in trade and other receivables	(2,337,786)	(611,510)
Increase in other payables	(249,250)	1,391,872
Cash flow from operations	(284,440)	2,775,499
Interest received	25,692	17,123
Income tax paid	(416,046)	(702,869)
Net cash flow from operating activities	(674,794)	2,089,753
Cash flow from investing activities		
Purchase of property, plant and equipment	(344,942)	(678,461)
Sale of property, plant and equipment	1,167	310
Cash flow used in investing activities	(343,775)	(678,151)
Cash flow from financing activities		
Dividends paid / prior to group reconstruction	(163,470)	(234,500)
Proceeds from issue of share capital, net of share issue costs	88,069	2,331,598
Net cash flow from/(used in) financing activities	(75,401)	2,097,098
Net increase in cash and cash equivalents	(1,093,970)	3,508,700
Cash and cash equivalents at beginning of the financial year	5,990,176	2,481,476
Cash and cash equivalents at end of the financial year	4,896,206	5,990,176

- Continues to be highly cash generative
- >£1.5m received post balance sheet date

Business Update



- **New Factory**

- Plans for a new factory planning Consent S106 now given
- Provides ABD with over twice the current manufacturing capacity
- Expected completion Q3 of 2016

- **Upgrade of Current Facilities**

- New manufacturing facility 3500 ft²
- Ongoing reorganisation of existing factory
- 30% additional production capacity 2014/15

- **Establish offices in Asia**

- New Japanese support offices now operating

- **Corporate Development**

- Full compliment of staff required to achieve the business plan now in place
- Continues to seek new complementary technologies
- Active Ongoing product development program in place



Summary



- Strong trading performance
- Robust balance sheet with c. £5 million cash and continued cash generation
- Strong order book providing significant future visibility of revenues
- Interim site upgrade to support operations in anticipation for full site move in 2016
- Asian market presence expanded
- Payment of maiden dividend

Appendices



Share Information

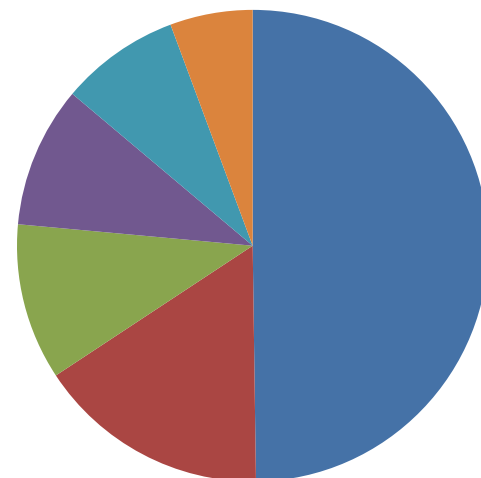
(as at 12.11.14)

Key Statistics

Share Price	158.0p
Market	AIM
Ticker	ABDP
Market Cap	£26.0m
Ord. Shares in Issue	16.78m



Significant Shareholders



- Anthony Best (33.4%)
- Anne Middleton (10.7%)
- Naemi Best (7.2%)
- UK Multicap Income * (6.5%)
- The Diverse Income Trust Plc * (5.5%)
- Amati Global Investors (4.3%)

*The aggregate holding of funds managed by Miton Group Plc is 2,009,416 ordinary shares, representing 12.32 per cent of the Company's issued share capital.

Board of Directors



Anthony Best
Aged 77

Executive Chairman

Mr Best was called up for National Service in 1955 obtaining a commission in the Royal Electrical and Mechanical Engineers. In 1957, he went to Cambridge University and graduated in Mechanical Sciences Tripos (Engineering). He joined Rolls-Royce Cars in 1960, initially as a graduate apprentice and then into the design department working on vehicle suspensions. In 1963, he moved to Avon Rubber Limited, initially as a Project Engineer working on the design and development of tyre manufacturing equipment, followed by a move into production management at the tyre plant in Melksham becoming Production Manager in 1965.

In 1967, he joined Dr Alex Moulton at Moulton Developments as Chief Engineer working on vehicle suspensions for cars, trucks and coaches. Following the closure of Moulton Developments in 1982, he founded Anthony Best Dynamics Limited.

Mr Best graduated from the University of Cambridge in 1957. He has written a number of technical papers on vehicle suspension, ride and handling. He was awarded the Institution of Mechanical Engineers' Thomas Hawksley medal and the Automobile Division's Crompton Lanchester Medal in 1979. He is a Fellow of the Royal Academy of Engineering, Fellow of the Institution of Mechanical Engineers and is on the Court of the Worshipful Company of Engineers.

Timothy John Rogers
Aged 52

Managing Director

For the past 15 years, Mr Rogers has had extensive experience managing companies in the engineering and chemical sectors. Between 2004 and 2011, he was CEO and Executive VP of Clean Diesel Technologies, Inc ("CDT"), which specialises in vehicle emission reduction technology. During this period, Mr Rogers gained capital market experience as CDT was admitted to trading on AIM between 2001 and 2009 and dual-listed on NASDAQ in 2007. Mr Rogers oversaw a two way merger of CDT in 2010 which resulted in a \$65 million company.

Prior to this, he worked at Exxon Corporation, Inc (1984-1990), Ethyl Petroleum Additives Limited (1990-1993) and The Associated Ocel Co. Ltd (1993-2002) before being appointed Director of Sales & Marketing at ADAS Consulting Limited, an environment research consultancy. Mr Rogers joined the Group in October 2012.

Mr Rogers studied engineering at Oxford Brookes University and has a strong grounding in mechanical and production engineering.

Robert Hart
Aged 45

Finance Director

Mr Hart joined the Group in 2008 as Commercial Manager and is primarily responsible for all financial aspects of the business. Mr Hart has prior experience of working at public companies; he was a Commercial Financial Analyst at First Group plc from 2000 to 2002 before joining Unite Group Plc, where he spent six years as Financial Controller of the manufacturing division.

Mr Hart has an honours degree in Mathematics and Computing from The University of East Anglia and is a Fellow of the Association of Chartered Certified Accountants.

Graham Dudley Eves
Aged 67

Non-Executive Director

Mr Eves joined GKN plc in 1967 where he spent 13 years operating across multiple overseas jurisdictions in activities ranging from steel trading, automotive components and intellectual property to, for the last 5 years, setting up and running a special operation for Head Office in Switzerland. He returned to the UK in 1980 to work in venture capital and establish his own international business consultancy. His main activities covered advising a range of German, North American and Japanese automotive component/technology suppliers and he co-founded and was chairman of an automotive technology company, Mechadyne (now part of KolbenschmidtPierburg AG). He was also chairman of PCB manufacturer Lyncolec Limited, chairman of a special security company and a director of 3PC Investment Trust.

Mr Eves' interest in the funding of advanced technology companies led to assisting AIM in marketing in Europe and being a member of the AIM Council of the London Stock Exchange from 2002 to 2008. He was directly involved in the AIM flotations of Antonov plc and Transense Technologies plc and has advised several others.

Frederick Bryan Smart
Aged 61

Non-Executive Director

Mr Smart spent 25 years at DaimlerChrysler (UK) Limited, where he worked initially in internal audit before moving up from Financial Controller to Chief Financial Officer. He resigned from DaimlerChrysler in 2006 having overseen turnover increase from £1.3 billion in 1995 to over £3.0 billion in 2006 and managing the acquisition, assimilation and reorganisation of Chrysler & Jeep in the UK. He remains Trustee Director of DaimlerChrysler Pension Fund.

Since leaving DaimlerChrysler, Mr Smart has advised a number of public and private companies. Between 2006 and 2010, he was Chairman of the supervisory board of CarboTech AG, a Salzburg-based designer and manufacturer of complex carbon fibre structures for automotive and industrial use. He has significant experience of AIM-quoted companies. Presently, he is a Non-Executive Director and member of the audit and remuneration committees of Greka Drilling Limited.

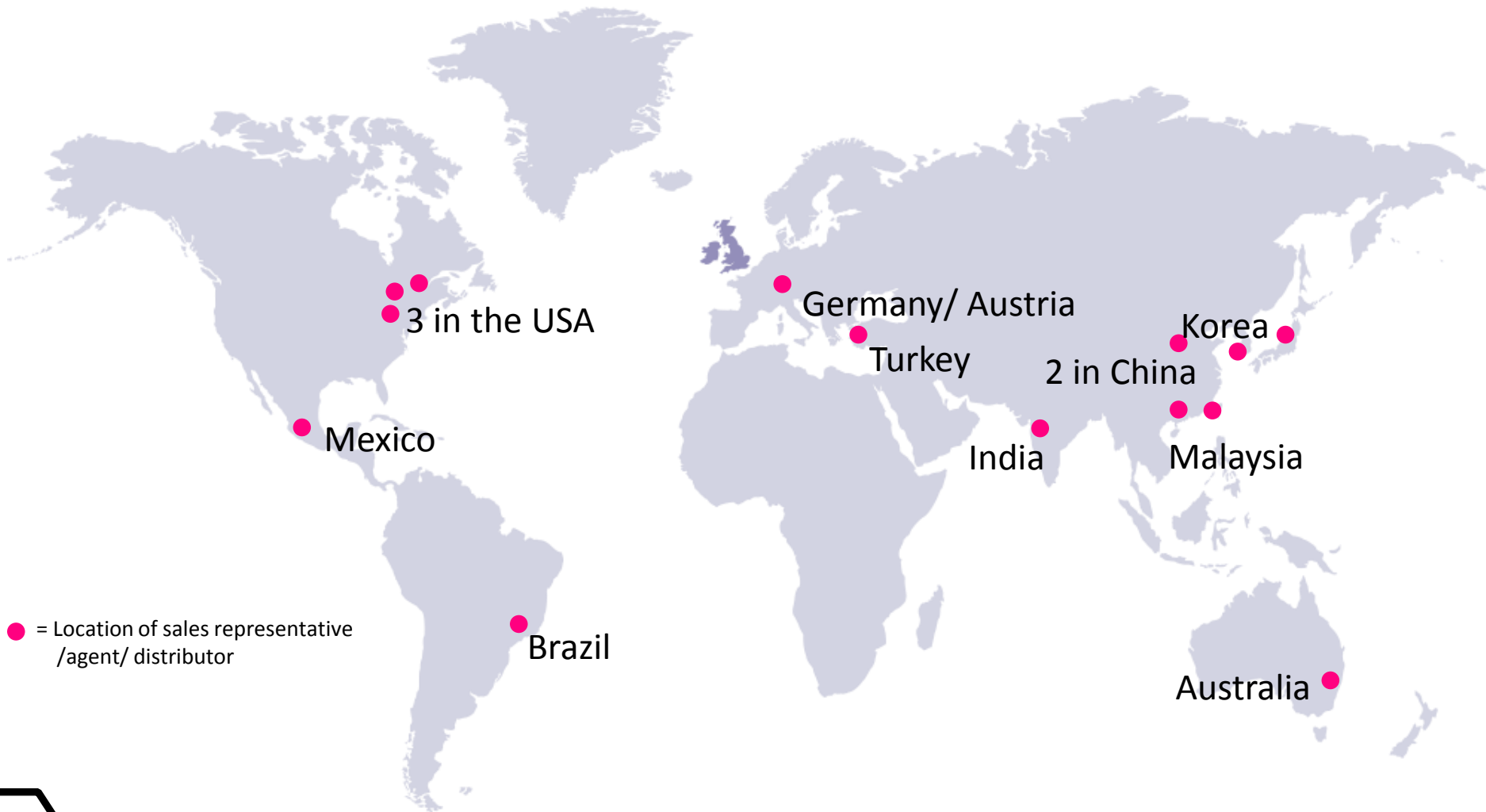
Mr Smart is a fellow of the Institute of Chartered Accounts in England and Wales.

Research & Development



- Researches and develops existing and new products closely with key technology suppliers
 - **Mechanical design** – extensive use of the latest computer-aided design and modelling tools
 - **Electrical and electronic design** – design of electronic controllers and electromechanical layouts
 - **Software design** – Compilation of direct operating software for programmable multi-access controllers combined with Windows-based software for front-end user operator interfaces. The Group's software engineers apply in-house mathematical models to calculate displacement and movement in three dimensions in formats that suit the application
- Manufacturing and assembly is carried out at ABD's Bradford on Avon facility

Global Reach



● = Location of sales representative /agent/ distributor

Products



Lab Testing

Kinematics & Compliance Testing
Suspension Parameter Measurement Machine
SPMM



Steering system testing
Steering System Test Machine SSTM



Design and Development
Suspension design and development



Track Testing

Vehicle dynamics testing on the track
Driving Robots – Driverless Systems



Advanced Driver Assistance System (ADAS) testing
Guided Soft Crash Target Vehicle



Advanced Driver Assistance System (ADAS) testing
Guided Soft Target



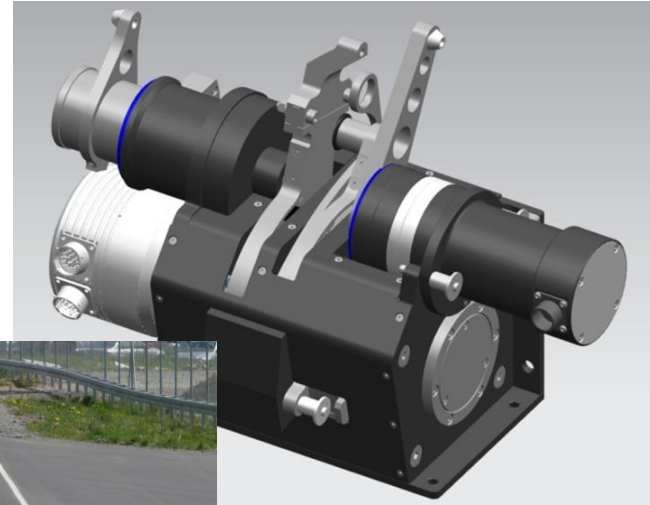
Measurement and Analysis Software

Power train Noise, Vibration & Harshness (NVH) Testing
PLATO NVH Test System





ABD possesses unrivalled technology and know-how



Proposed New Facility



Over twice the size of the current facilities

Proposed Relocation



Located in Bradford on Avon, estimated for Q3 2016

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