



*Final Results Presentation
Year Ended 31 August 2016
November 2016*

Knowledge, design, product and service

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
- Listed on AIM in May 2013
- Track record of significant profit growth
- Over 95% of sales non UK
- Strong focus on producing high end/high quality products
- Customers include R&D divisions of world leading automotive companies
- Over 90 employees



Senior Management Team



Tim Rogers, Chief Executive Officer

- 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 a BSc in Mathematics and Computing from The University of East Anglia and is a Fellow of the Association of Chartered Certified Accountants



Anthony Best, Non-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



2016 Highlights



Financial Highlights

- Revenues increased 23.9% to £20.5 million (2015: £16.5 million)
- Adjusted Operating Profit increased 22.7% to £4.65 million (2015: £3.79 million)
- Net Cash inflow £4.1 million (2015: £4.0 million)
- Final dividend of 1.815p per ordinary share, 3.025p for the year up 10%
- Order book covers revenues to Q3/FY2017

Operational Highlights

- New team of Field support engineers in UK, Germany and Japan
- New Commercial Director based in Germany
- Entered the Vehicle Simulator market – Partnership with Williams F1
- Achieved another record for sales of Track Testing products worldwide
- New factory on target for completion Q3 2017
- Reorganisation generating improvements in supply chain and product fulfilment

Growth Drivers

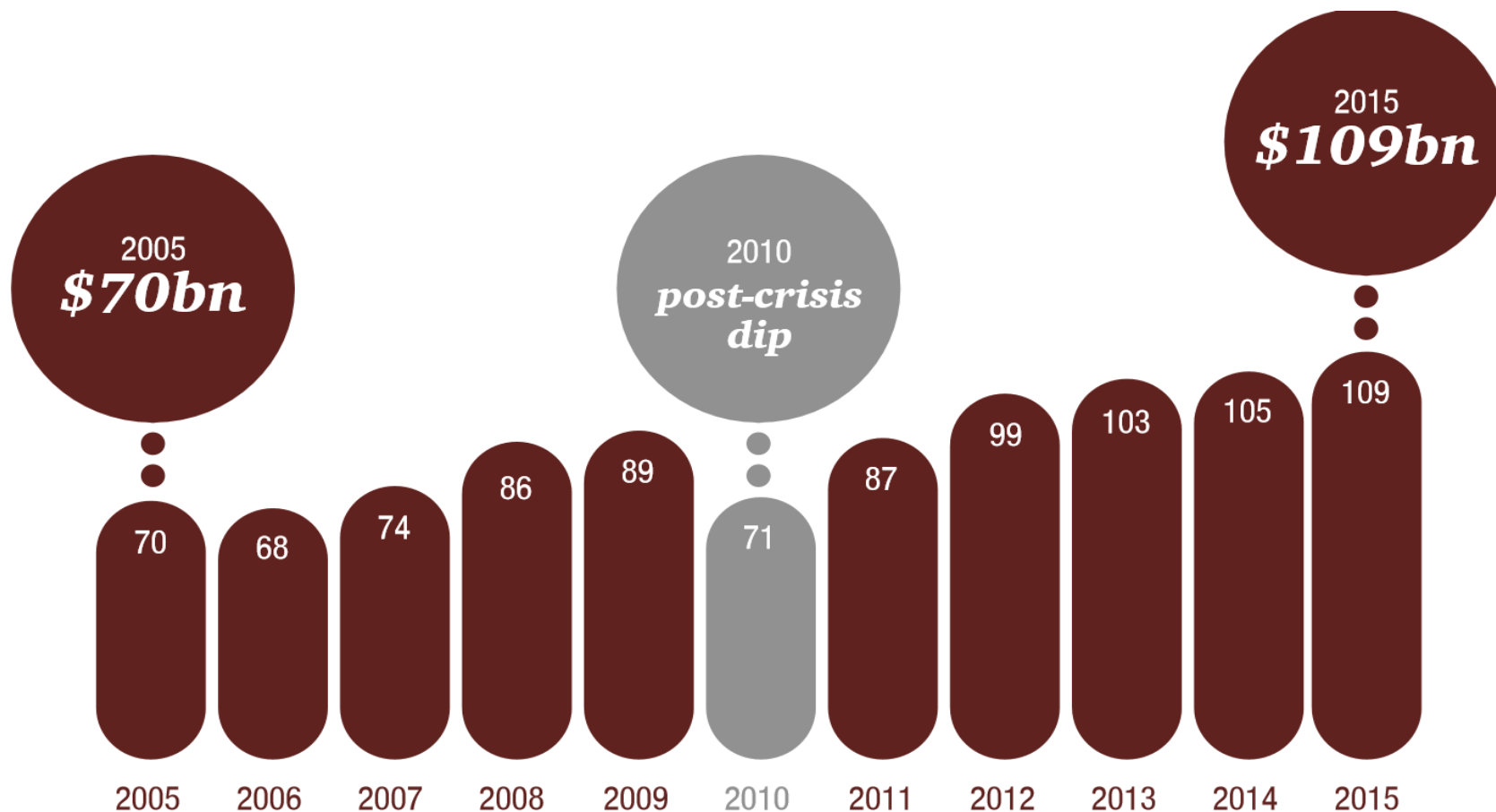


- **Market drivers:**
 - Global spending on automotive R&D continues to rise
 - Development of new ADAS and autonomous vehicle technology – driving demand for ABD track technology
 - Growth in application of virtual testing and computer aided design – Simulation/Simulator
- **Investment:**
 - Additional production capacity - new factory expected Q3 2017
 - Developing regional technical and sales support – new team Field Engineers and Commercial Director
 - Recruitment of high calibre personnel
 - New product development:
 - Development of new driverless test track applications – new range of ADAS targets
 - Development of new advanced lab testing technology – Vehicle Dynamic Simulator
- **Technology:**
 - Development of corporate management to drive technology acquisition program
 - CTO role and dedicated business teams in place to drive active new product development program

Our Sector



Global Automotive Industry R&D Spend



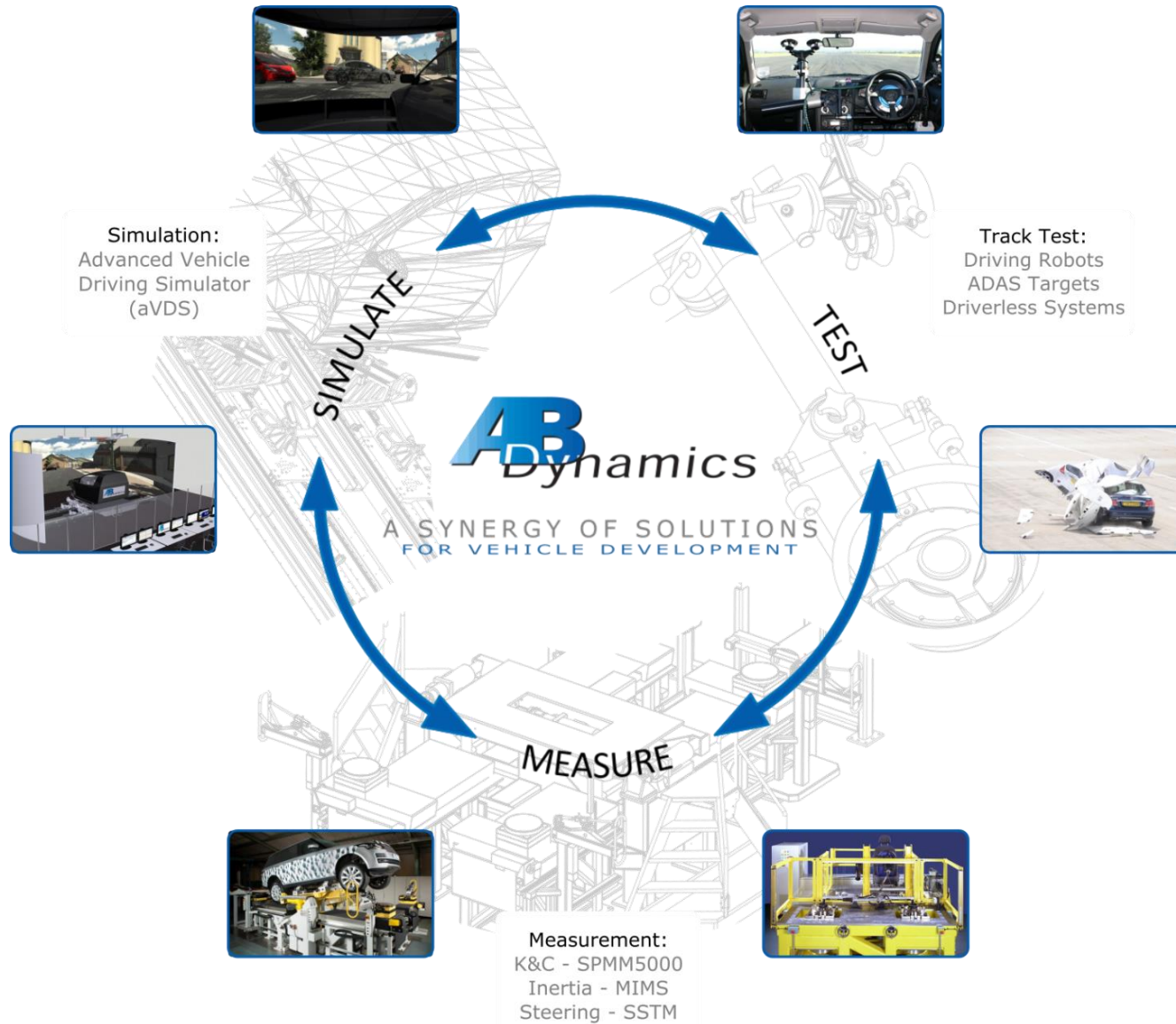
Sources: Strategy& 2015 Global Innovation 1000 analysis, Bloomberg data, Capital IQ data

Our Customers



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

ABD's Key Products








Operations and Capabilities

Global Reach

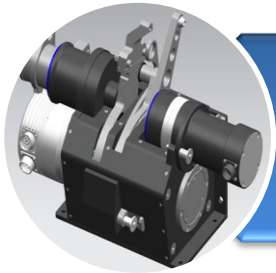


-  Distributors
-  Regional Support
-  Head Quarters

Our capabilities



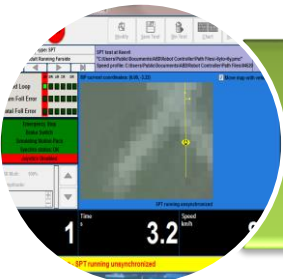
.... Design



Mechanical



Electronics/Electrical



Software

Our capabilities



....Manufacture and Assembly

- Total facilities space of over 27,000 sq ft across four sites
- Dedicated Electronics assembly and test area
- Dedicated Electrical cabinet build and test area
- Work shop – Turning, Milling and Grinding
- Large mechanical build space – Lab Testing equipment
- New HQ/Factory – target completion Q3 2017

Product Development



....Simulator market

- New partnership with Williams
- Dedicated site for aVDS demonstration unit
- Bring aVDS to automotive test industry
- Vehicle development increasingly a virtual process
- aVDS assists development of models reducing development time and need for as many prototypes



Facilities



- Commenced construction of new 3,070m² facility
- Completion expected Q3 2017
- Leased 2 new sites to house:
 - aVDS demonstration unit
 - Dedicated manufacturing and training centre for ADAS targets
- Board review of future capacity requirements in Q4 2017



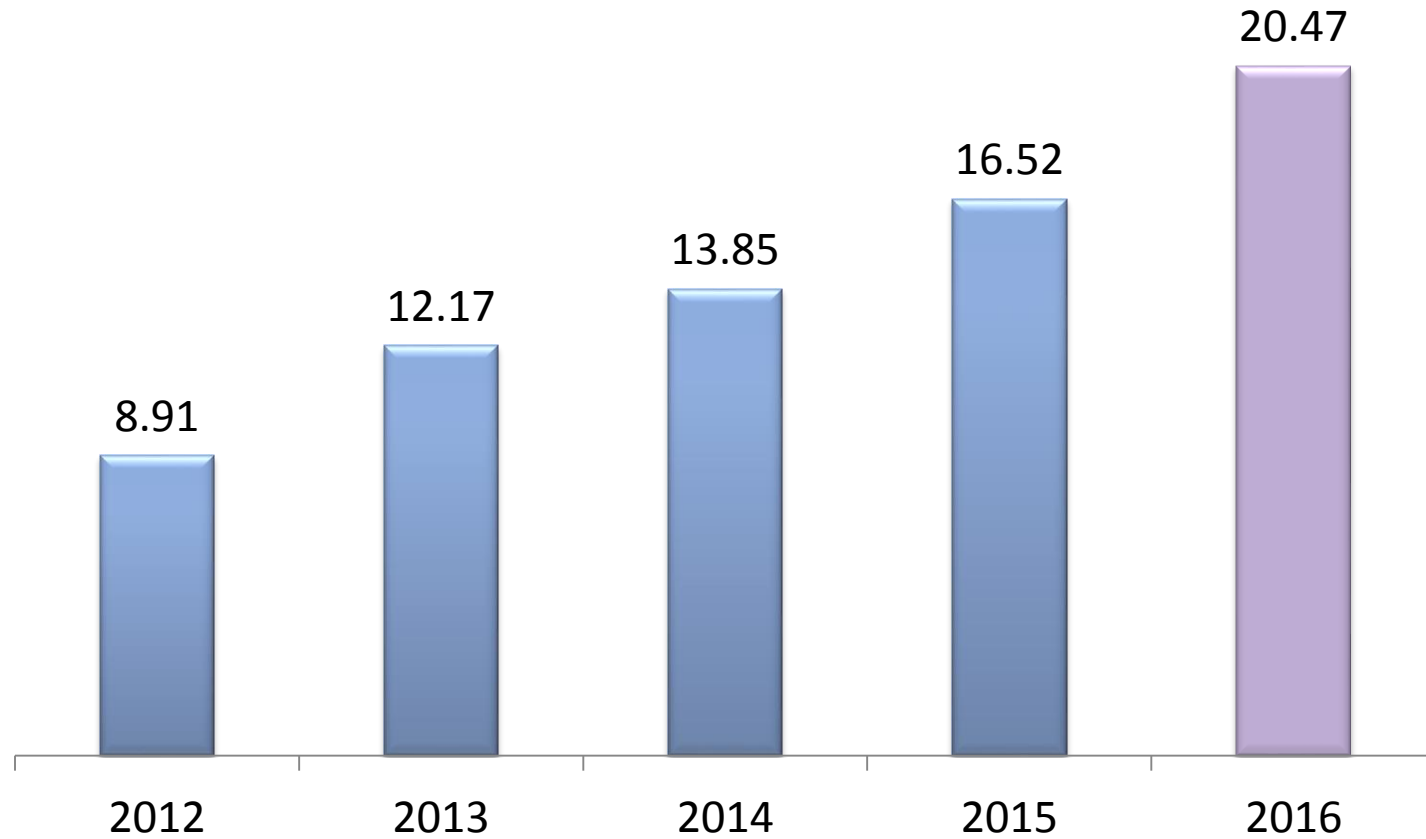


Financial Highlights

Revenue



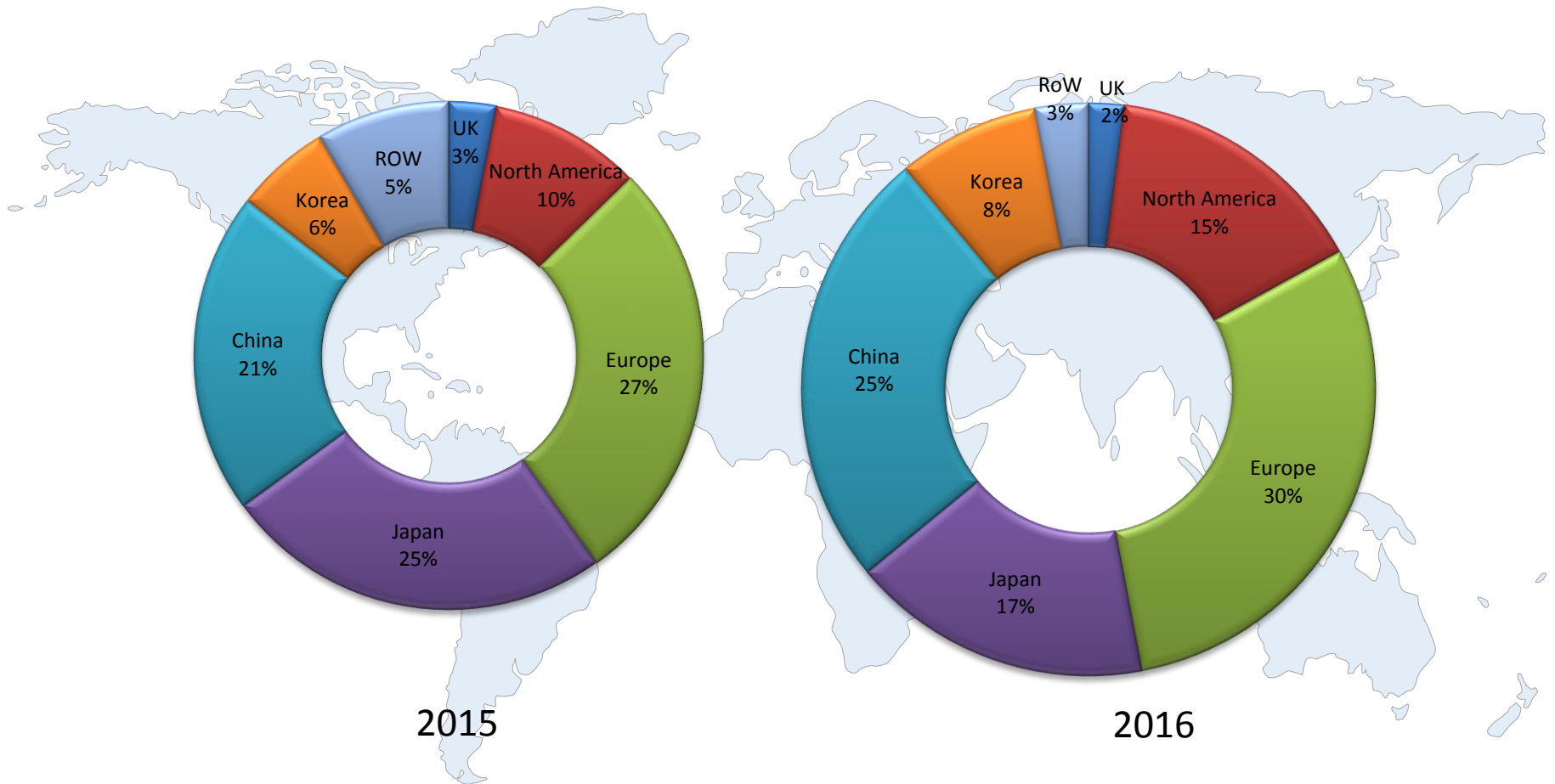
....Revenue increased 23.9% to £20.47m



Analysis of Revenue

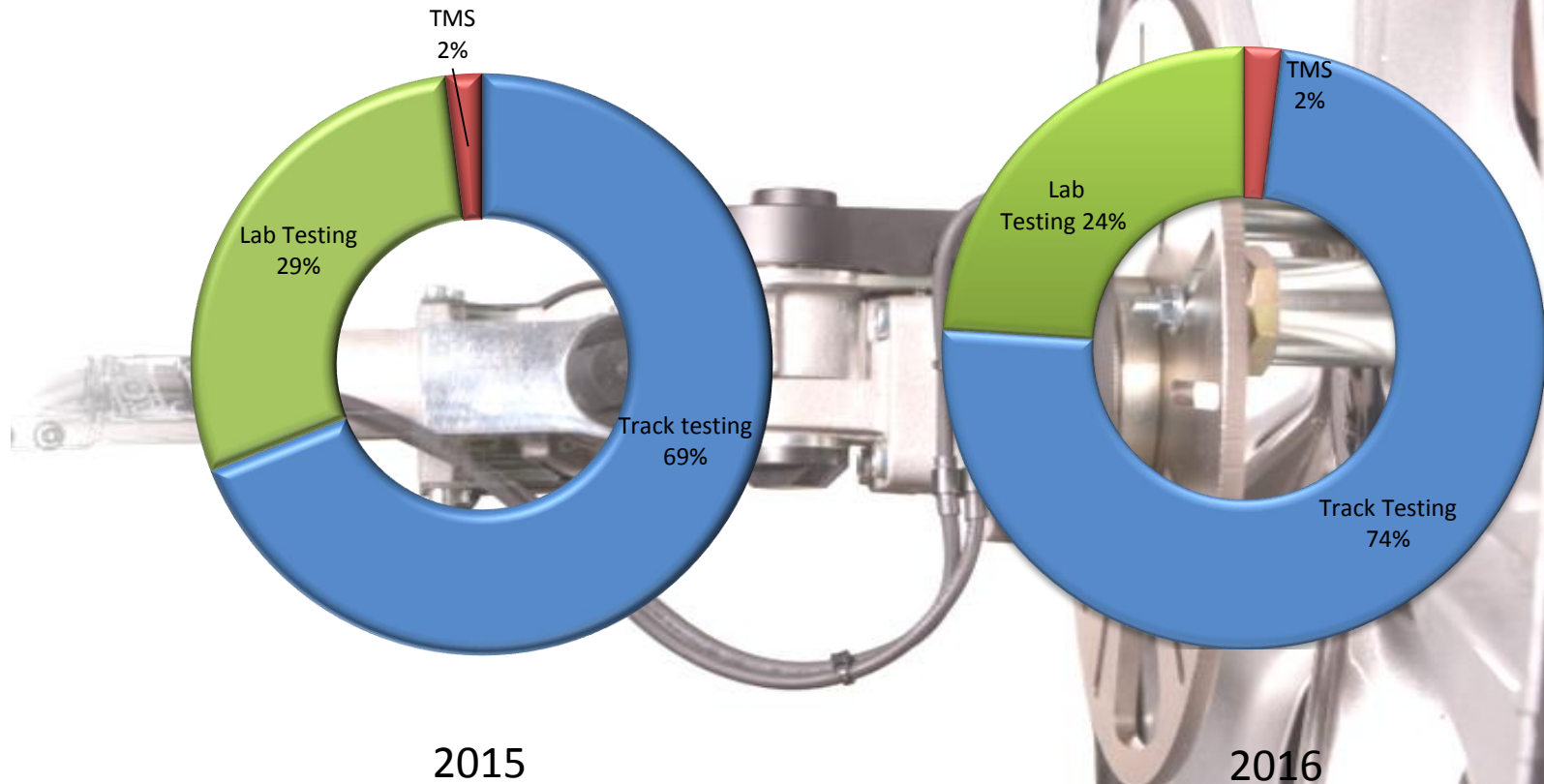


....by Geographical Area



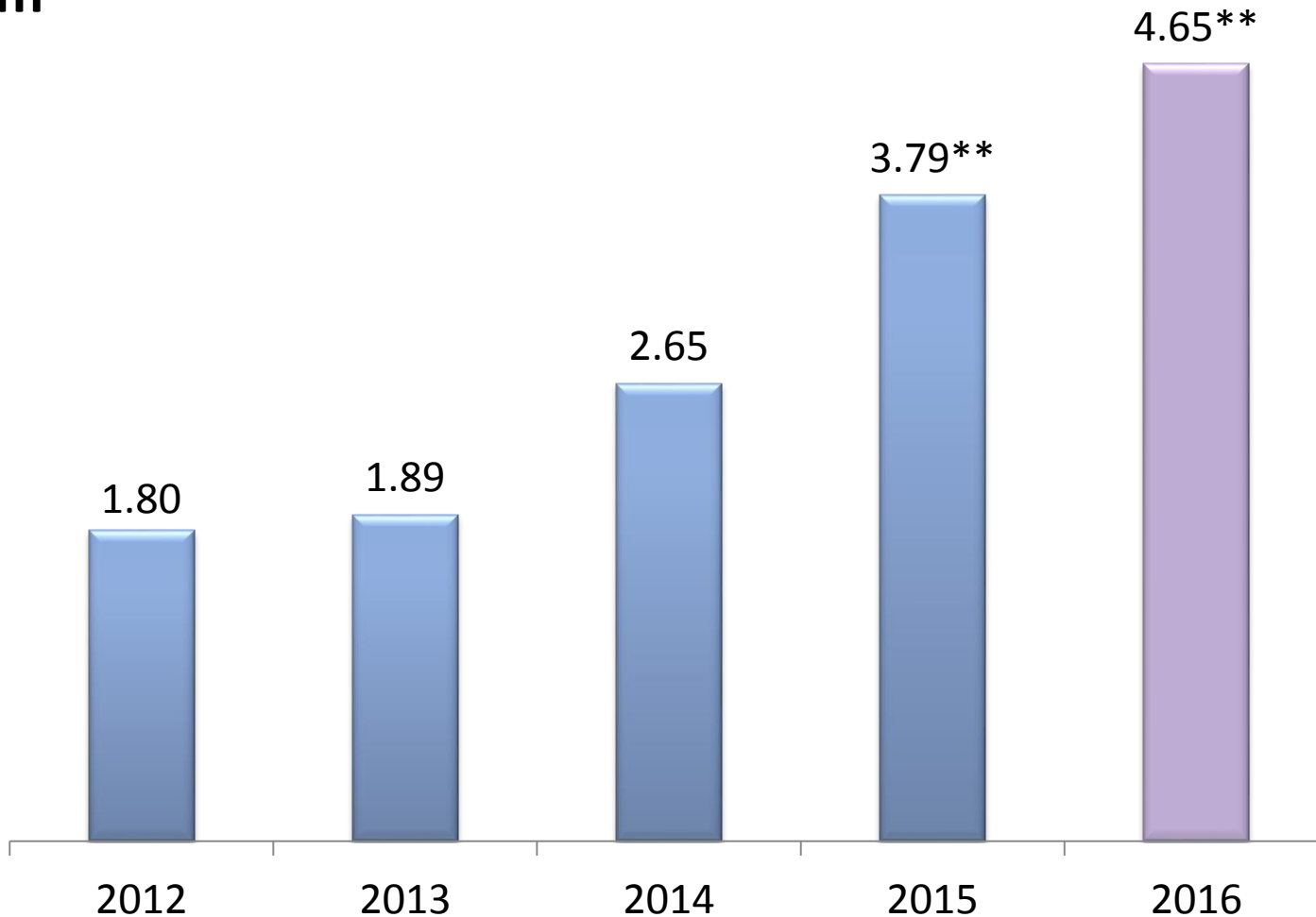
Analysis of Revenue

....by Product Area



Operating Profit

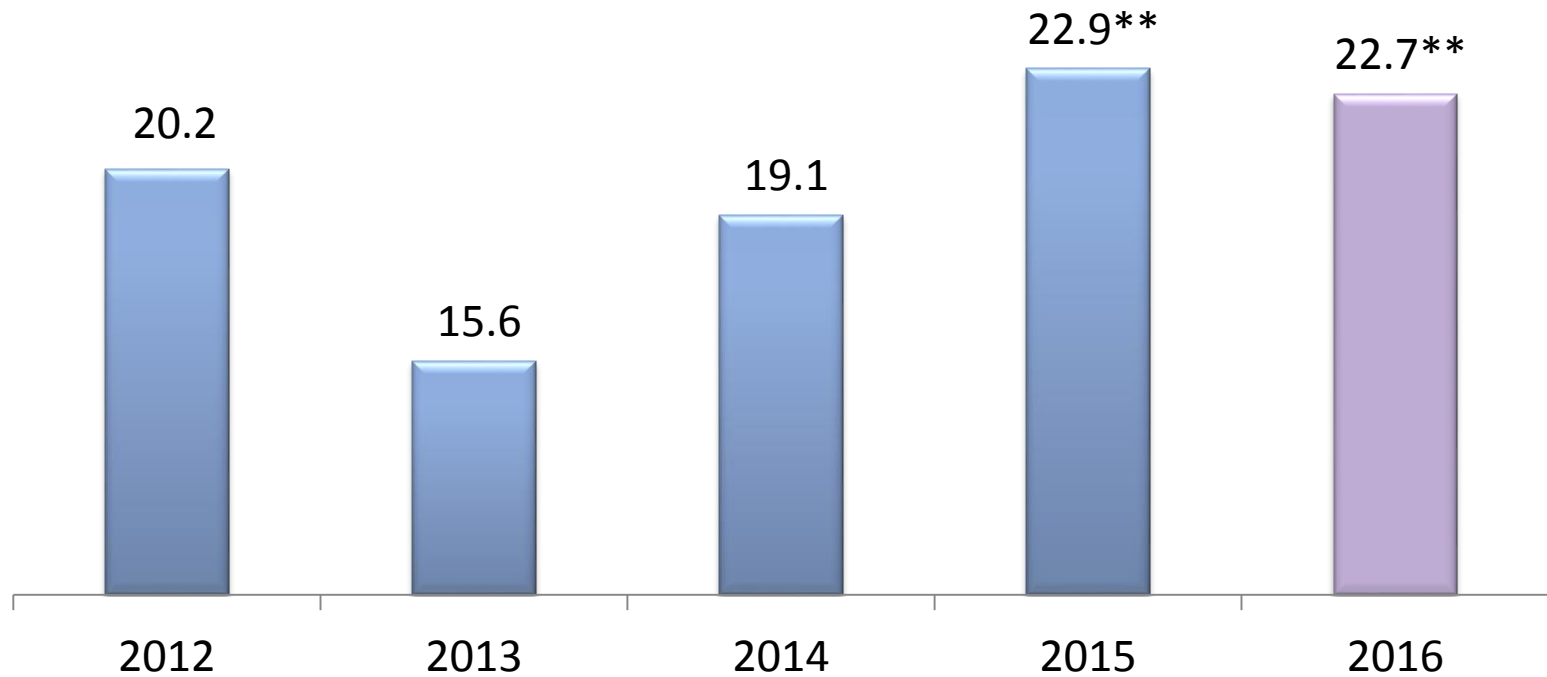
....Adjusted Operating profit increased 22.7% to £4.65m**



** Excludes Option Cost of £273k

Operating Profit Margin

....Excluding share option costs of £273k

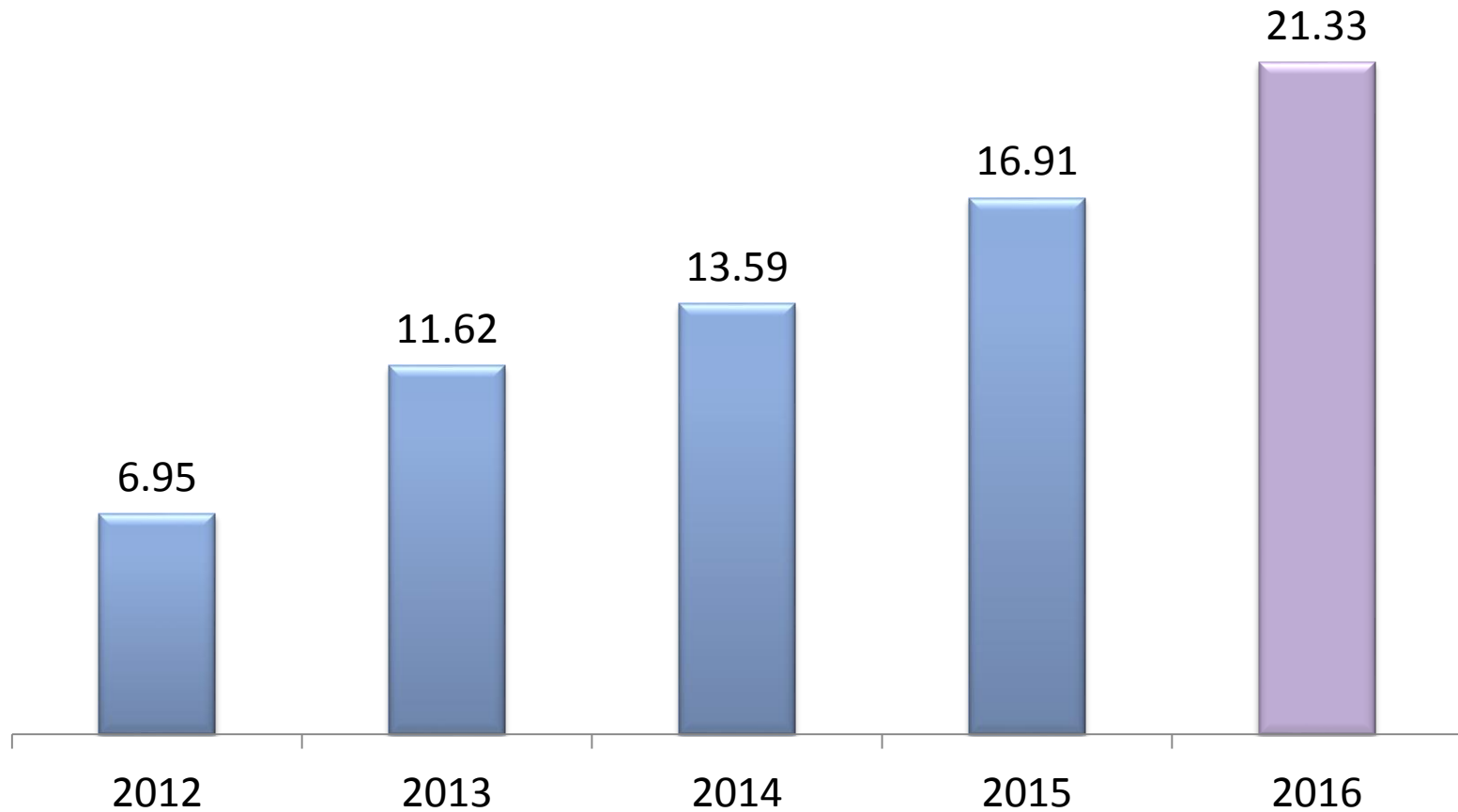


** Excludes Option Cost of £273k

Total Assets £m



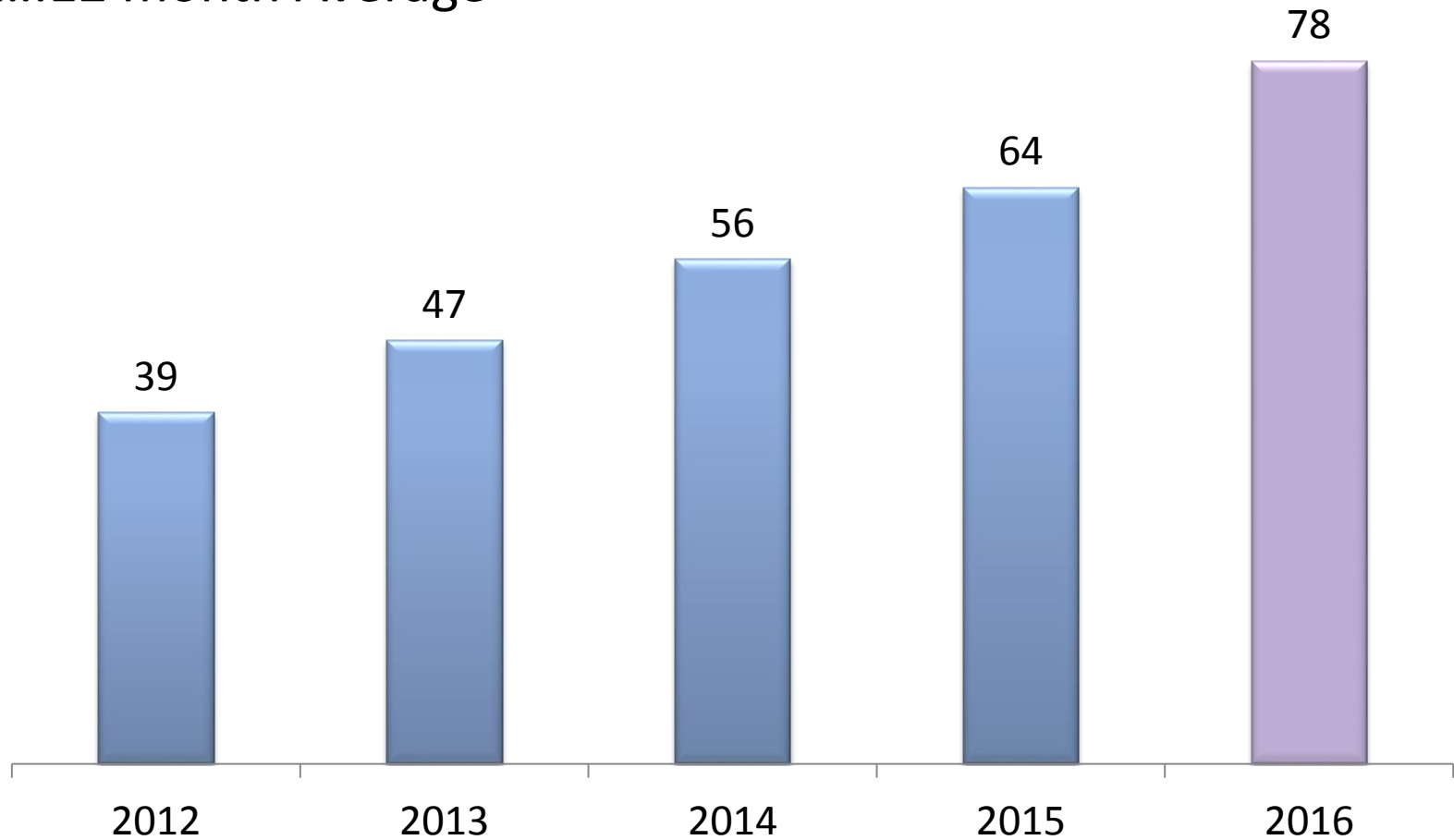
.....Total assets increased by 26%



Employees



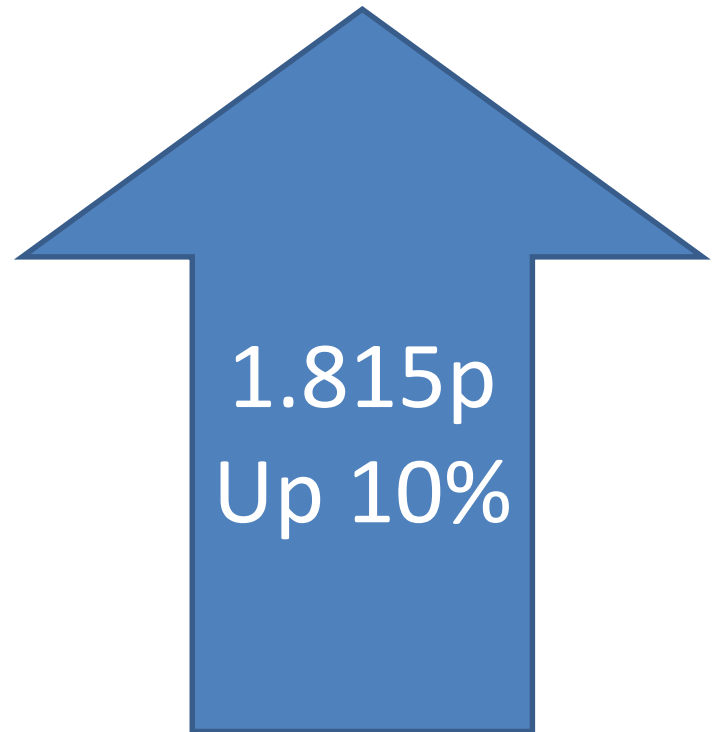
....12 month Average



EPS and Dividend



Proposed final dividend per share



Reported Earnings per share (pence)	2016	2015
Basic	22.25	19.16
Diluted	22.25	18.26

Summary and Outlook



- Strong financial and operating performance
 - Revenue up 24% to £20.5m (2015: £16.5m)
 - Adjusted operating profit up 23% to £4.65m (2015: £3.79m)
 - Order book covers revenues to Q3 2017
- Markets remain active across all geographies and sectors
- Business diversification continued – aVDS
- Commencement of new R&D programmes
- Positive current trading – a good platform for future growth



Appendices



Consolidated statement of comprehensive income

	Note	Year ended 31 August 2016 £	Year ended 31 August 2015 £
<i>Continuing operations</i>			
Revenue		20,472,244	16,522,627
Cost of sales		<u>(14,296,445)</u>	<u>(11,172,617)</u>
Gross profit		6,175,799	5,350,010
Administrative expenses		(1,635,977)	(1,643,048)
Fair value (losses) / gains in respect of foreign currency forward contracts		<u>(161,145)</u>	<u>67,343</u>
Operating profit		4,378,677	3,774,305
Finance income	4	<u>72,643</u>	<u>42,689</u>
Profit before taxation	5	4,451,320	3,816,994
Corporation tax expense	6	(576,935)	(570,986)
Profit after taxation		3,874,385	3,246,008
Other comprehensive income		-	-
Total comprehensive income for the year attributed to equity holders		<u>3,874,385</u>	<u>3,246,008</u>
Earnings per share - Basic (pence)	8	22.25p	19.16p
Earnings per share - Diluted (pence)	8	22.25p	18.26p



Consolidated statement of financial position

	Note	2016 £	2015 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,695,097	1,727,349
Deferred tax assets	17	-	48,548
		<u>2,695,097</u>	<u>1,775,897</u>
CURRENT ASSETS			
Inventories	10	3,191,642	2,541,704
Trade receivables	11	2,601,857	2,825,148
Other receivables, deposits and prepayments	12	1,006,657	464,462
Amount owing by contract customers	13	1,285,922	1,301,169
Derivative financial instruments	14	-	33,743
Taxation		148,992	-
Cash and cash equivalents	15	10,404,523	7,967,808
		<u>18,639,593</u>	<u>15,134,034</u>
TOTAL ASSETS		<u>21,334,690</u>	<u>16,909,931</u>
EQUITY AND LIABILITIES			
Share capital	16	177,646	173,344
Share premium		2,590,267	2,540,711
Reconstruction reserve		(11,284,500)	(11,284,500)
Merger relief reserve		11,390,000	11,390,000
Retained profits		14,643,035	10,830,329
Total equity attributable to owners of the Company and total equity		<u>17,516,448</u>	<u>13,649,884</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17	<u>118,946</u>	-
CURRENT LIABILITIES			
Trade and other payables and accruals	18	3,608,862	3,089,487
Provision for taxation		-	170,560
Derivative financial instruments	14	90,434	-
		<u>3,699,296</u>	<u>3,260,047</u>
TOTAL LIABILITIES		<u>3,818,242</u>	<u>3,260,047</u>
TOTAL EQUITY AND LIABILITIES		<u>21,334,690</u>	<u>16,909,931</u>



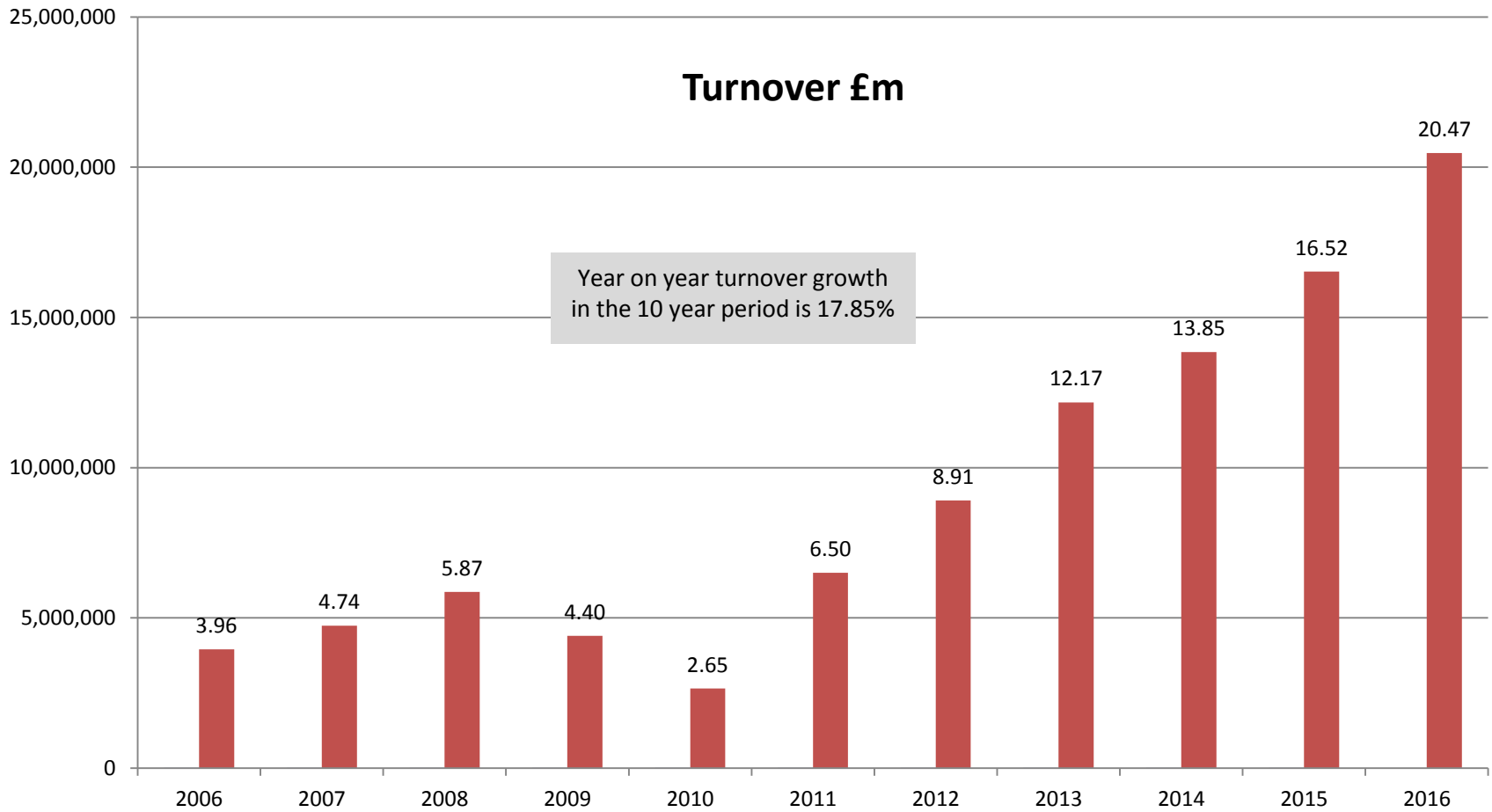
Consolidated statement of cash flow

	2016 £	2015 £
Cash flow from operating activities		
Profit before taxation	4,451,320	3,816,994
Adjustments for:-		
Depreciation of property, plant and equipment	277,695	183,836
Loss on sale of property, plant and equipment	2,336	42
Interest income	(72,643)	(42,689)
Share based payment	273,405	13,410
Operating profit before working capital changes	4,932,113	3,971,593
Increase in inventories	(649,939)	(542,873)
Decrease / (increase) in trade and other receivables	(303,657)	883,180
Increase in trade and other payables and accruals	519,375	175,644
Fair value loss / (gain) on derivative instruments	124,178	(33,743)
Cash flow from operations	4,622,070	4,453,801
Interest received	72,643	42,689
Income tax paid	(568,314)	(457,206)
Net cash flow from operating activities	4,126,399	4,039,284
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,608,527)	(691,244)
Sale of property, plant and equipment	360,748	-
Cash flow used in investing activities	(1,247,779)	(691,244)
Cash flow from financing activities		
Dividends paid	(495,763)	(436,826)
Proceeds from issue of share capital, net of share issue costs	53,858	160,388
Net cash flow used in financing activities	(441,905)	(276,438)
Net increase in cash and cash equivalents	2,436,715	3,071,602
Cash and cash equivalents at beginning of the financial year	7,967,808	4,896,206
Cash and cash equivalents at end of the financial year	10,404,523	7,967,808



AB Dynamics

Historic Turnover



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