

Chairman's statement



Driving delivery of our ambitious strategy

Highlights

- Continued investment in new product development in our core markets
- Contract win for ABD Solutions and first production units delivered
- Acquisition of VTS strengthens our services offering

Overview

I am very pleased to report another year of strong profitable growth for AB Dynamics, and one of strategic significance as the Group positions itself for the next stage of growth. These results are evidence of the value customers place on our offering, as the team continues to win new customers globally and strengthen relationships with existing ones.

The Group continued to focus on building a sustainable and resilient business. Overall results for the year showed revenue growth of 10% to £111.3m and a 22% increase in operating profit to £20.3m, driven by increases across all three sectors of the business.

The Group continued to invest in the core automotive sector, which is characterised by strong regulatory and structural growth drivers. The continued increase in regulation and the requirements of consumer organisations for safety ratings covering additional classes of vehicles and increasingly sophisticated safety systems are supportive of future growth in demand for our products and services.

At the same time, we have seen good progress by ABD Solutions which has delivered the initial units of a product for construction vehicles and won a contract with a major automotive OEM which enables expansion into a new sector in that market. ABD Solutions has successfully proved the concept of retrofitting existing technologies to enable the automation of conventional vehicle fleets and developed a pipeline of commercial opportunities.

Chairman's statement continued

Overview continued

The acquisition of VTS expands our capability in the services sector and I am pleased to report that we are already progressing a number of new opportunities through expanding our offering across our wider customer base.

Employees

I would like to take this opportunity to thank our global team of hard-working and committed employees who have all contributed to a very successful year, responding to changing demands in what remains a challenging and fast-moving market. The Group attracts talent at all levels within the business and continues to invest in training all the way through from apprentices to graduates and continuing professional development.

The Group has grown strongly in recent years and we now have over 550 employees, with around half located in the UK. The Board takes our responsibility towards employee engagement and development seriously and we were particularly pleased to launch our second Professional Development Programme for emerging talent to develop our future leaders.

Investments

The acquisition of VTS during the year and Bolab since the year end will continue to drive the Group strategy forward in order to deliver sustainable growth. Other investments included continued new product development, progress in the implementation of our ERP system and investment in ABD Solutions.

Sustainability

I am pleased to report that the hard work and determination by the members of the ESG Committee and wider staff have delivered good progress on our sustainability strategy, including achievement of an MSCI AAA rating. The Board is committed to ongoing improvements in all aspects of sustainability.

Our strategy and the detailed financial results are covered in the:

CHIEF EXECUTIVE OFFICER'S REVIEW ON PAGES 16 TO 19

CHIEF FINANCIAL OFFICER'S REVIEW ON PAGES 26 TO 29

Further information on our approach to sustainability can be found on pages 32 to 49 and the activities of the ESG Committee are summarised on page 84.

Corporate governance

Strong corporate governance and risk management are essential elements of the Board's activities and are key to ensuring the ongoing stability and growth of the Group. I am pleased to confirm that AB Dynamics plc is in compliance with the Quoted Companies Alliance Code (the QCA Code) as required under the AIM Rules. The Board takes into consideration feedback provided by various ratings agencies in setting policies and in developing our sustainability strategy as part of our continuous improvement in corporate governance. I report separately on the Group's approach to governance and its procedures in the Statement of corporate governance, which can be found on pages 71 to 79.

Dividends

The Board recognises that dividends continue to be an important component of total shareholder returns, balanced against maintaining a strong financial position, and intends to pursue a sustainable and growing dividend policy in the future having regard to the development of the Group.

Based on the very strong financial performance and the Board's confidence in continued growth and delivery in 2025, the Board is recommending a final dividend of 5.30p per share, payable on 31 January 2025 subject to shareholder approval at the AGM. The ex-dividend date will be 16 January 2025 and the record date will be 17 January 2025. The total dividend for the year will therefore be 7.63p per share, which is an increase over the prior year of 20%, continuing the Board's progressive dividend policy.

“The Group delivered another year of strong profitable growth and now has a solid and scalable platform from which to deliver further revenue growth and margin expansion, with a strong balance sheet to support that growth.”

Richard Elsy CBE
Non-Executive Chairman

Outlook

AB Dynamics operates within markets that are supported by long-term regulatory and structural growth drivers in automotive and holds an enviable market-leading position in the sectors in which it operates. These market growth drivers, coupled with the ongoing investments in all areas of the business, provide the Board with strong confidence that the outlook remains positive.

Our continued operational delivery and ongoing investments provide a strong platform for future growth and the Board remains confident in delivering continued progress in the forthcoming year.

Richard Elsy CBE
Non-Executive Chairman
26 November 2024