

Results Presentation Year ending 31st August 2017

November 2017

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 in Bradford on Avon
- 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.



What we do



AB Dynamics products are used by our customers in the following development areas:

- Improved Vehicle Dynamics
- Brakes, Steering and Suspension
- Advanced Safety Systems
- Computer Vehicle Models
- Driverless Car Technology

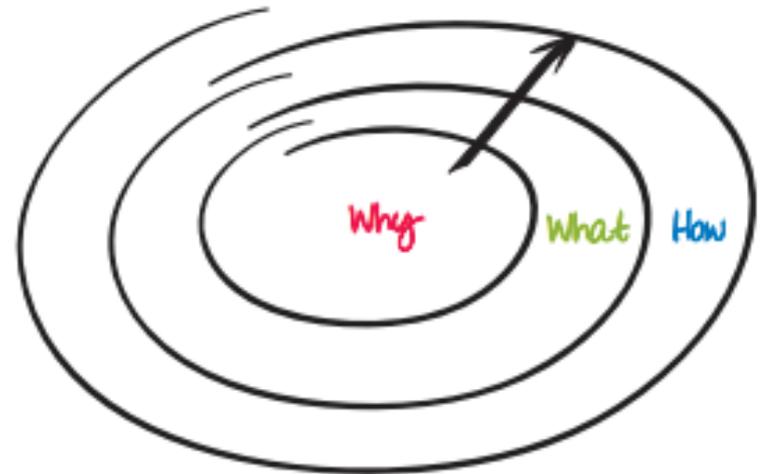


What we really do.



AB Dynamics value is our effective and rapid deployment of IP

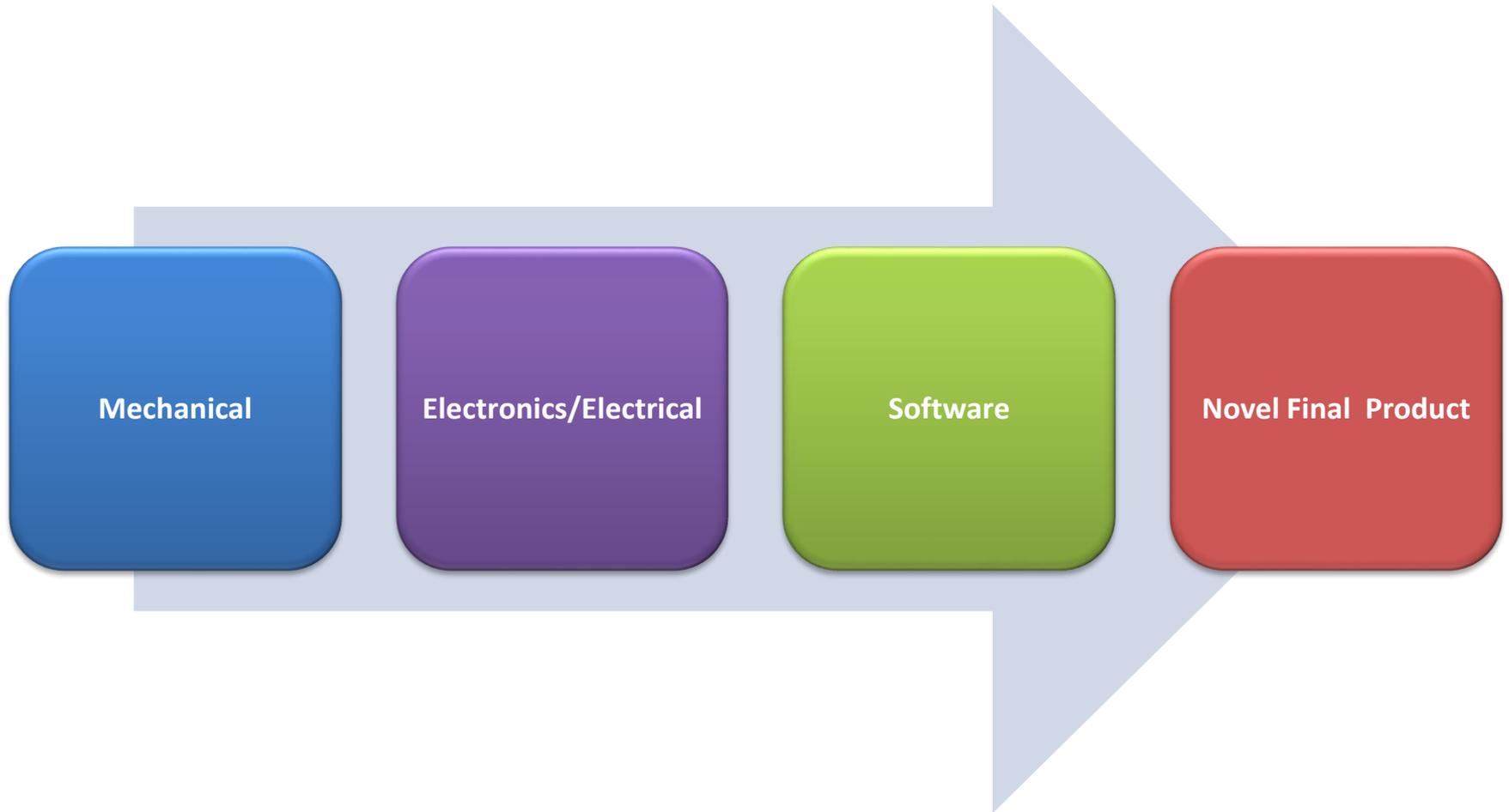
- We are a solutions provider to the Motor Industry
- At £250,000 t/o per head, we are an IP and know-how company
- We help our customers design and make vehicles that are safer and more pleasing to drive



Our capabilities



.... In house design and final assembly



2017 Highlights



Financial Highlights

Revenues increased 20.0% to £24.6 million (2016: £20.5 million)

Adjusted operating Profit increased 26.2% to £5.9 million (2016: £4.7 million)

Adjusted fully diluted EPS increased by 22.5% to 28.28p (2016: 23.09p)

Final dividend of 2.00p per ordinary share, 3.331p for the year up 10% (2016: 3.025p)

Strong balance sheet with net cash of £9.6m (2016: £10.4m)

Operational Highlights

Completed the move into new £8.4m state of the art factory and offices

Demand for Driving Robots and Guided Soft Targets at an all-time high

ADAS market continues to show strong growth as OEMs develop vehicle capabilities

Conducting demonstrations of new aVDS as project moves towards commercial production

Record order book providing visibility into Q3 FY2018

Oversubscribed equity fundraising in December 2016, to support development of new products and services, new facilities and enhanced routes to market

Growth Drivers



- **Market drivers:**
 - Global spending on automotive R&D continues to grow especially in Asia and N America.
 - Introduction of ADAS and Autonomous Vehicle Technology demanding new testing technology
 - Greater dependency on computer aided design, virtual testing and simulation by customers for new vehicle development
- **Investment:**
 - The company has invested in and continues to expand its manufacturing and R&D facilities
 - Responding to customer support needs by establishing regional technical and sales support hubs
 - We continue to recruit of high calibre personnel for R&D, sales support and manufacturing roles
 - Building internal and external capacity to accelerate new product development
 - Corporate management to drive business development and technology acquisition
- **Technology:**
 - CTO role and dedicated business teams in place to drive new business and product development program
 - Growing software capability to respond to customers move to virtual product development
 - New driverless test track applications
 - New advanced Simulators and laboratory testing technology

Automotive R&D



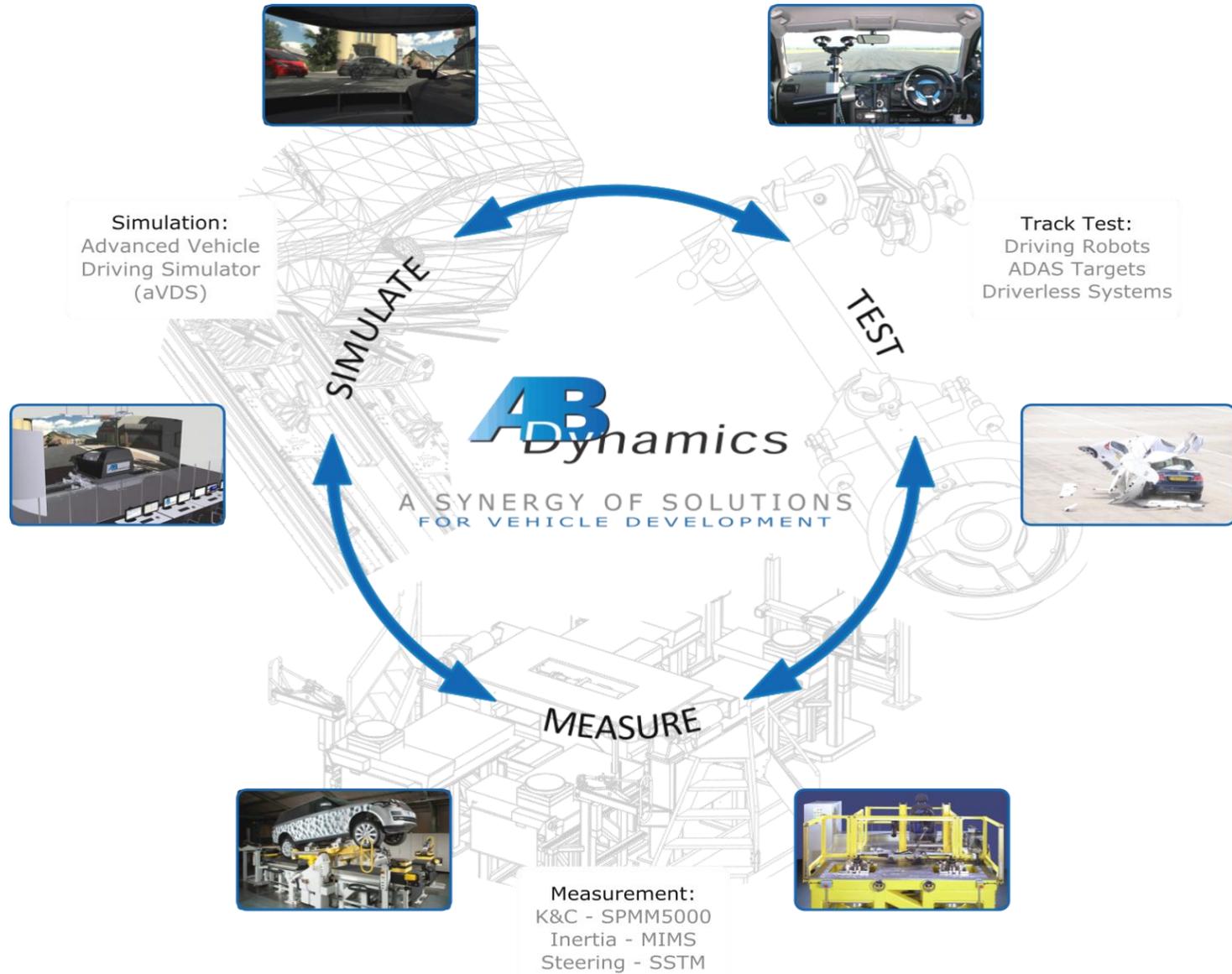
Top 20 global R&D spenders						
2016 rank	▲	2015 rank	Company	Geography	Industry	R&D spend (in US\$ billion)
1	▶	1	Volkswagen	Germany	Automotive	13.2
2	▶	2	Samsung	South Korea	Computing and electronics	12.7
3	▲	7	Amazon	U.S.	Software and Internet	12.5
4	▲	6	Alphabet	U.S.	Software and Internet	12.3
5	▼	3	Intel	U.S.	Computing and electronics	12.1
6	▼	4	Microsoft	U.S.	Software and Internet	12
7	▼	5	Roche	Switzerland	Healthcare	10
8	▲	9	Novartis	Switzerland	Healthcare	9.5
9	▲	10	Johnson & Johnson	U.S.	Healthcare	9
10	▼	8	Toyota	Japan	Automotive	8.8
11	▲	18	Apple	U.S.	Computing and electronics	8.1
12	▼	11	Pfizer	U.S.	Healthcare	7.7
13	▶	13	General Motors	U.S.	Automotive	7.5
14	▶	14	Merck	U.S.	Healthcare	6.7
15	▶	15	Ford	U.S.	Automotive	6.7
16	▼	12	Daimler	Germany	Automotive	6.6
17	▶	17	Cisco	U.S.	Computing and electronics	6.2
18	▲	20	AstraZeneca	Britain	Healthcare	6
19	▲	32	Bristol-Myers Squibb	U.S.	Healthcare	5.9
20	▲	22	Oracle	U.S.	Software and Internet	5.8

Source: Bloomberg data; Capital IQ data; Strategy& 2016 Global Innovation 1000 study

The 2017 PwC's Strategy& Digital Auto Report

■ OEM

Synergies



New Building



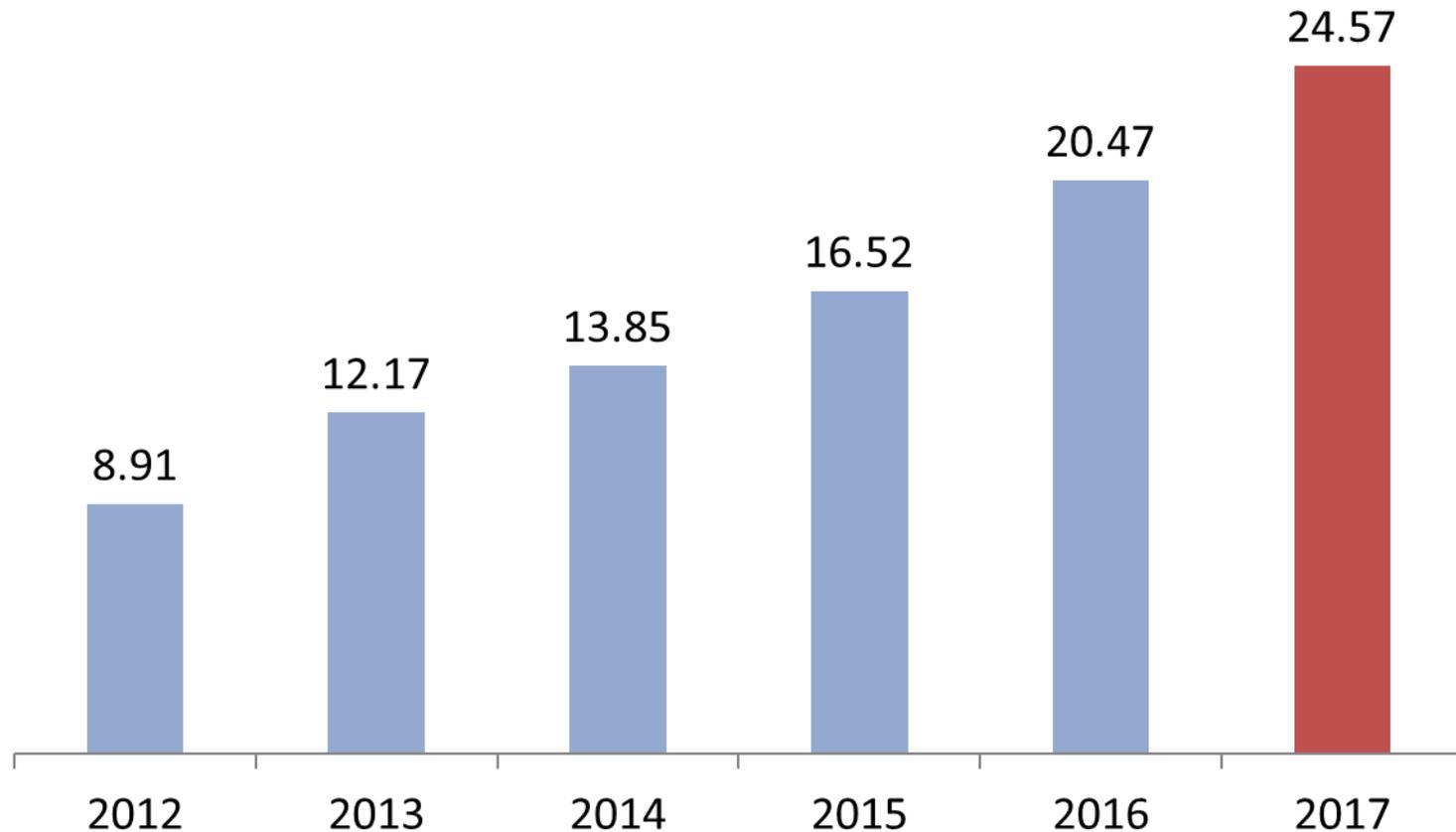


Financial Highlights

Revenue £m



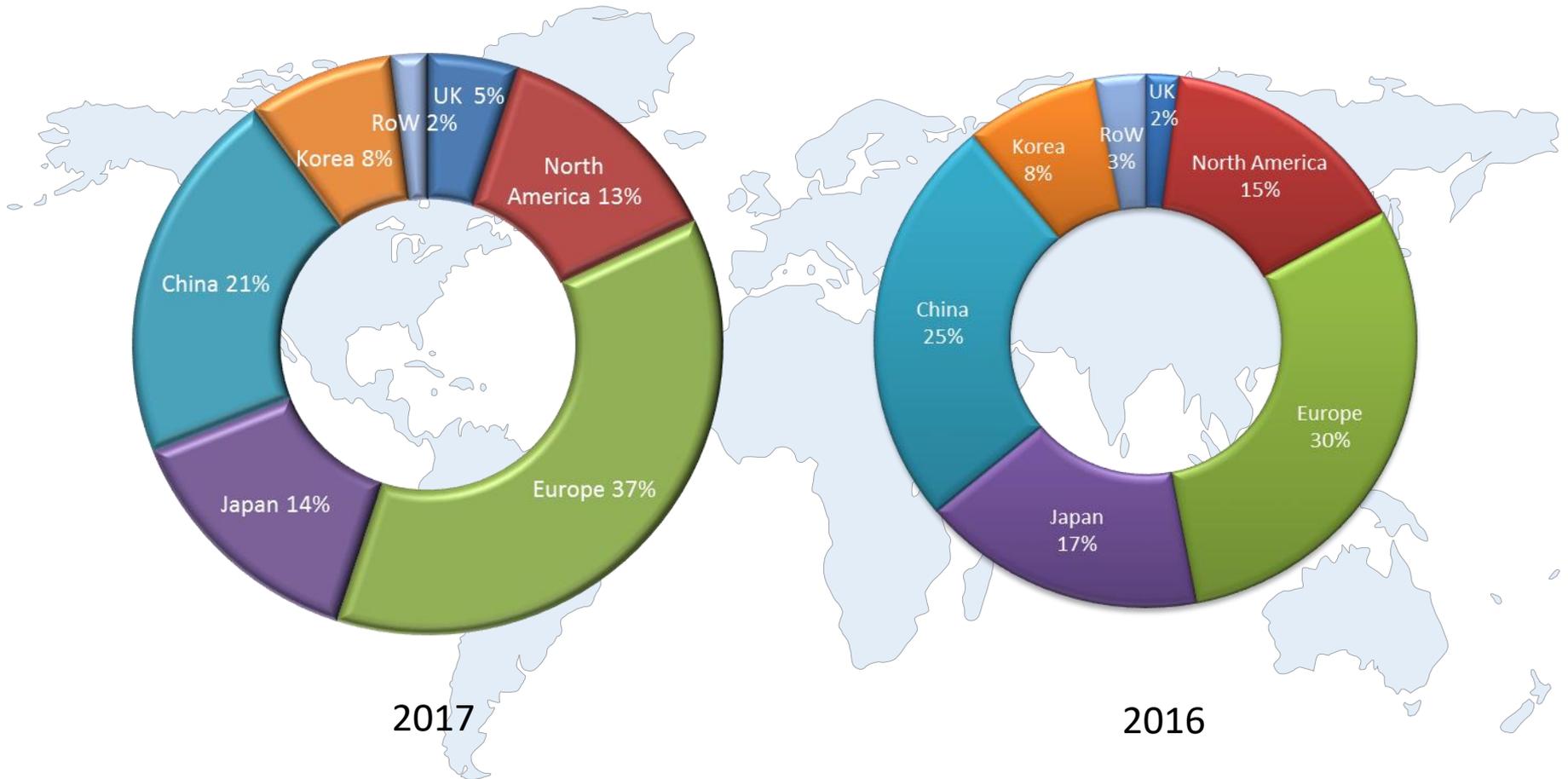
...increased 20.0% to £24.57m



Analysis of Revenue

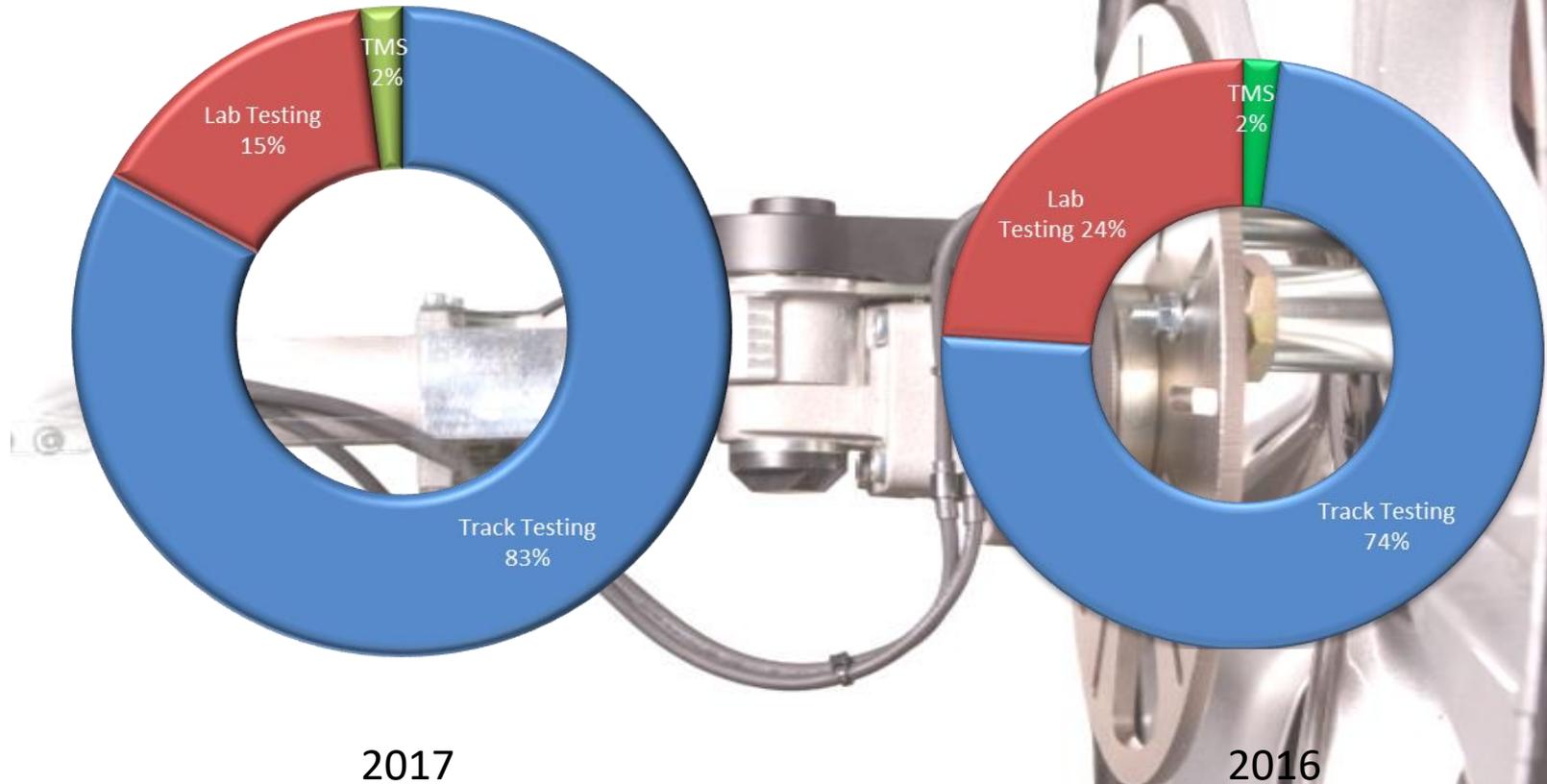


...by Geographical Area



Analysis of Revenue

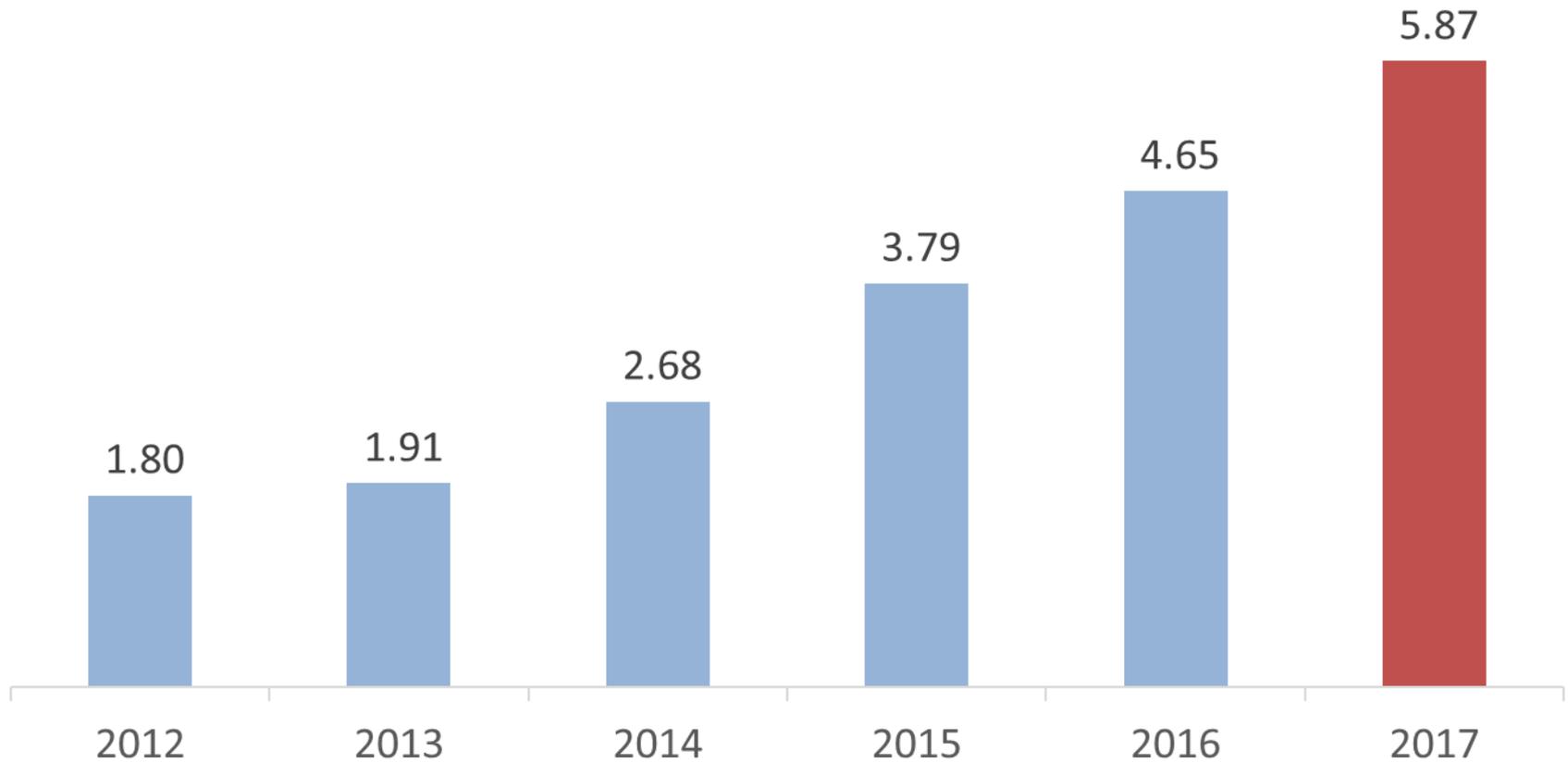
...by Product Area



Operating Profit (Adjusted) £m



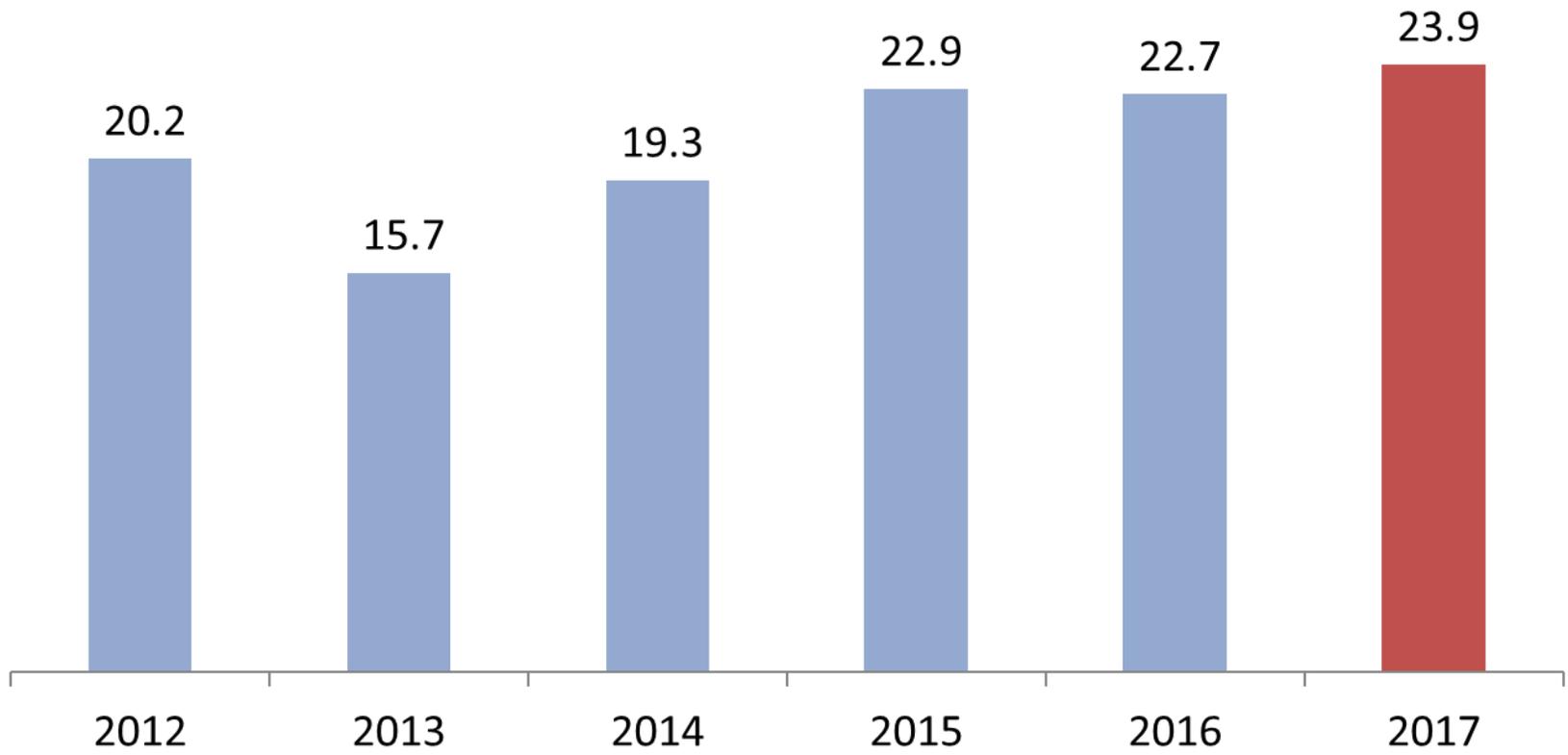
.....increased by 26.2%



Operating Profit Margin (Adjusted) %



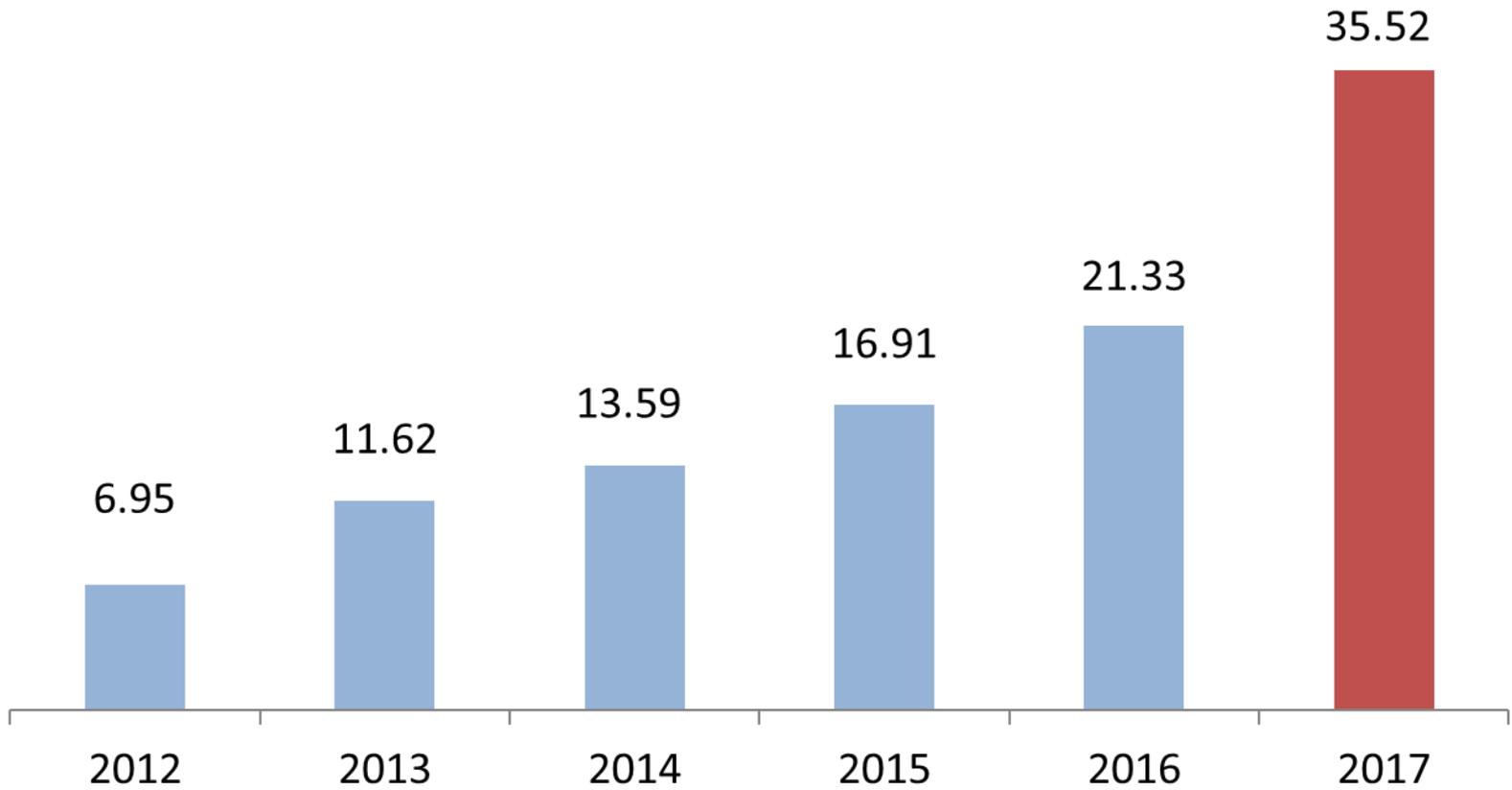
....increased to 23.9%



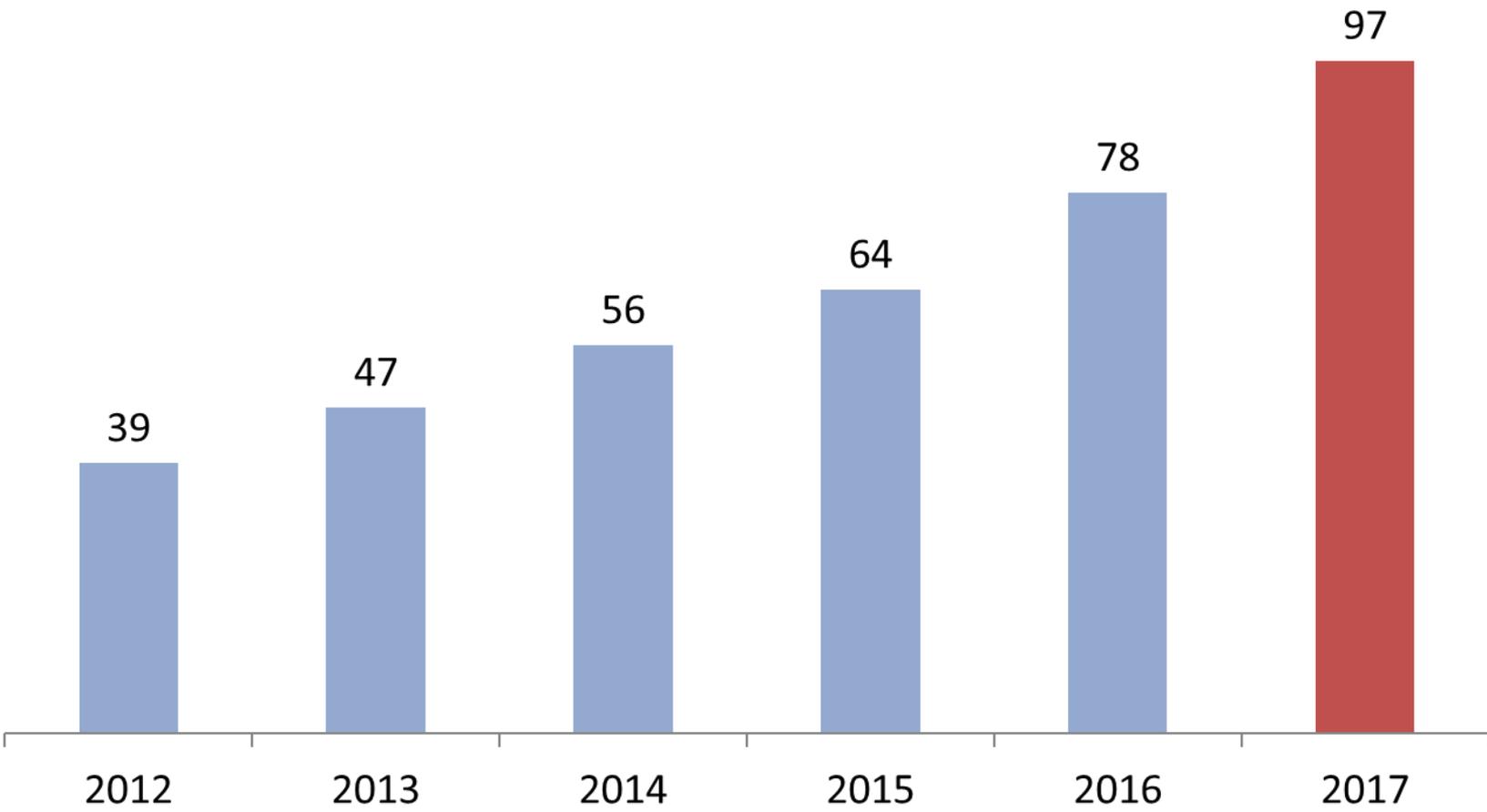
Total Assets £m



..... increased by 67%



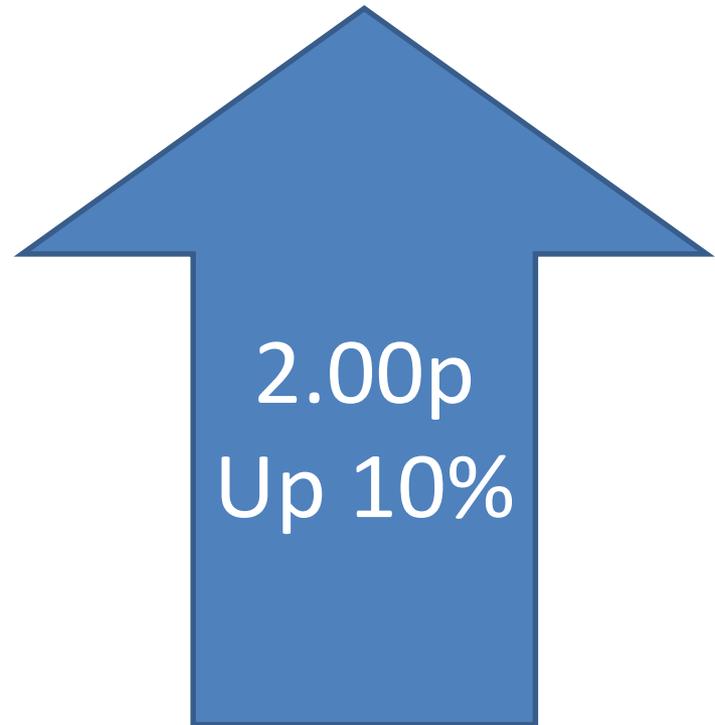
Employees



EPS and Dividend



Proposed final dividend per share



Earnings per share (pence)	2017	2016
Basic	20.83	22.25
Diluted	20.56	22.25

Summary and Outlook



- Strong financial and operating performance
 - Revenue up 20% to £24.57m (2016: £20.47m)
 - Adjusted operating profit up 26.2% to £5.87m (2016: £4.65m)
 - Adjusted fully diluted EPS increased by 22.5% to 28.28p (2016: 23.09p)
- Markets remain active across all geographies and sectors
- Business diversification continued
- Commencement of new R&D programmes
- Positive current trading – a good platform for future growth



Appendices

Consolidated statement of comprehensive income



	Year ended 31 August 2017 £	Year ended 31 August 2016 £
<i>Continuing operations</i>		
Revenue	24,570,050	20,472,244
Cost of sales	<u>(16,654,153)</u>	<u>(14,067,356)</u>
Gross profit	7,915,897	6,404,888
Administrative expenses	(1,985,069)	(1,591,661)
Fair value loss in respect of foreign currency forward contracts	<u>(59,241)</u>	<u>(161,145)</u>
Operating profit before Share based payment costs	5,871,587	4,652,082
Share based payment costs	<u>(1,464,817)</u>	<u>(273,405)</u>
Operating profit	4,406,770	4,378,677
Finance income	65,257	72,643
Profit before taxation	4,472,027	4,451,320
Corporation tax expense	(569,286)	(576,935)
Profit after taxation	3,902,741	3,874,385
Other comprehensive income	-	-
Total comprehensive income for the year attributed to equity holders	<u>3,902,741</u>	<u>3,874,385</u>
Earnings per share - Basic (pence)	20.83p	22.25p
Earnings per share - Diluted (pence)	20.56p	22.25p

Consolidated statement of financial position



	2017 £	2016 £
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	10,464,904	2,695,097
Deferred tax assets	148,140	-
	<u>10,613,044</u>	<u>2,695,097</u>
CURRENT ASSETS		
Inventories	4,959,435	3,191,642
Trade receivables	7,115,351	2,601,857
Other receivables, deposits and prepayments	1,536,134	1,006,657
Amount owing by contract customers	1,675,508	1,285,922
Derivative financial instruments	-	-
Taxation	-	148,992
Cash and cash equivalents	9,619,345	10,404,523
	<u>24,905,773</u>	<u>18,639,593</u>
TOTAL ASSETS	<u>35,518,817</u>	<u>21,334,690</u>
EQUITY AND LIABILITIES		
Share capital	191,119	177,646
Share premium	8,579,265	2,590,267
Reconstruction reserve	(11,284,500)	(11,284,500)
Merger relief reserve	11,390,000	11,390,000
Retained profits	19,370,938	14,643,035
Total equity attributable to owners of the Company and total equity	<u>28,246,822</u>	<u>17,516,448</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	-	118,946
CURRENT LIABILITIES		
Trade and other payables and accruals	6,951,803	3,608,862
Provision for taxation	320,192	-
Derivative financial instruments	-	90,434
	<u>7,271,995</u>	<u>3,699,296</u>
TOTAL LIABILITIES	<u>7,271,995</u>	<u>3,818,242</u>
TOTAL EQUITY AND LIABILITIES	<u>35,518,817</u>	<u>21,334,690</u>

Consolidated statement of cash flow



	2017 £	2016 £
Cash flow from operating activities		
Profit before taxation	4,472,027	4,451,320
Adjustments for: -		
Change in accounting policy	(78,562)	-
Depreciation of property, plant and equipment	266,856	277,695
Loss on sale of property, plant and equipment	4,242	2,336
Interest income	(65,257)	(72,643)
Share based payment	1,464,817	273,405
Operating profit before working capital changes	6,064,123	4,932,113
Increase in inventories	(1,767,793)	(649,939)
Decrease / (increase) in trade and other receivables	(5,432,557)	(303,657)
Increase in trade and other payables and accruals	3,342,941	519,375
Fair value loss / (gain) on derivative instruments	(90,434)	124,178
Cash flow from operations	2,116,280	4,622,070
Interest received	65,257	72,643
Income tax paid	(351,476)	(568,314)
Net cash flow from operating activities	1,830,061	4,126,399
Cash flow from investing activities		
Purchase of property, plant and equipment	(8,040,905)	(1,608,527)
Sale of property, plant and equipment	-	360,748
Cash flow used in investing activities	(8,040,905)	(1,247,779)
Cash flow from financing activities		
Dividends paid	(576,805)	(495,763)
Proceeds from issue of share capital, net of share issue costs	6,002,471	53,858
Net cash flow used in financing activities	5,425,666	(441,905)
Net increase in cash and cash equivalents	(785,178)	2,436,715
Cash and cash equivalents at beginning of the financial year	10,404,523	7,967,808
Cash and cash equivalents at end of the financial year	9,619,345	10,404,523

Share Information

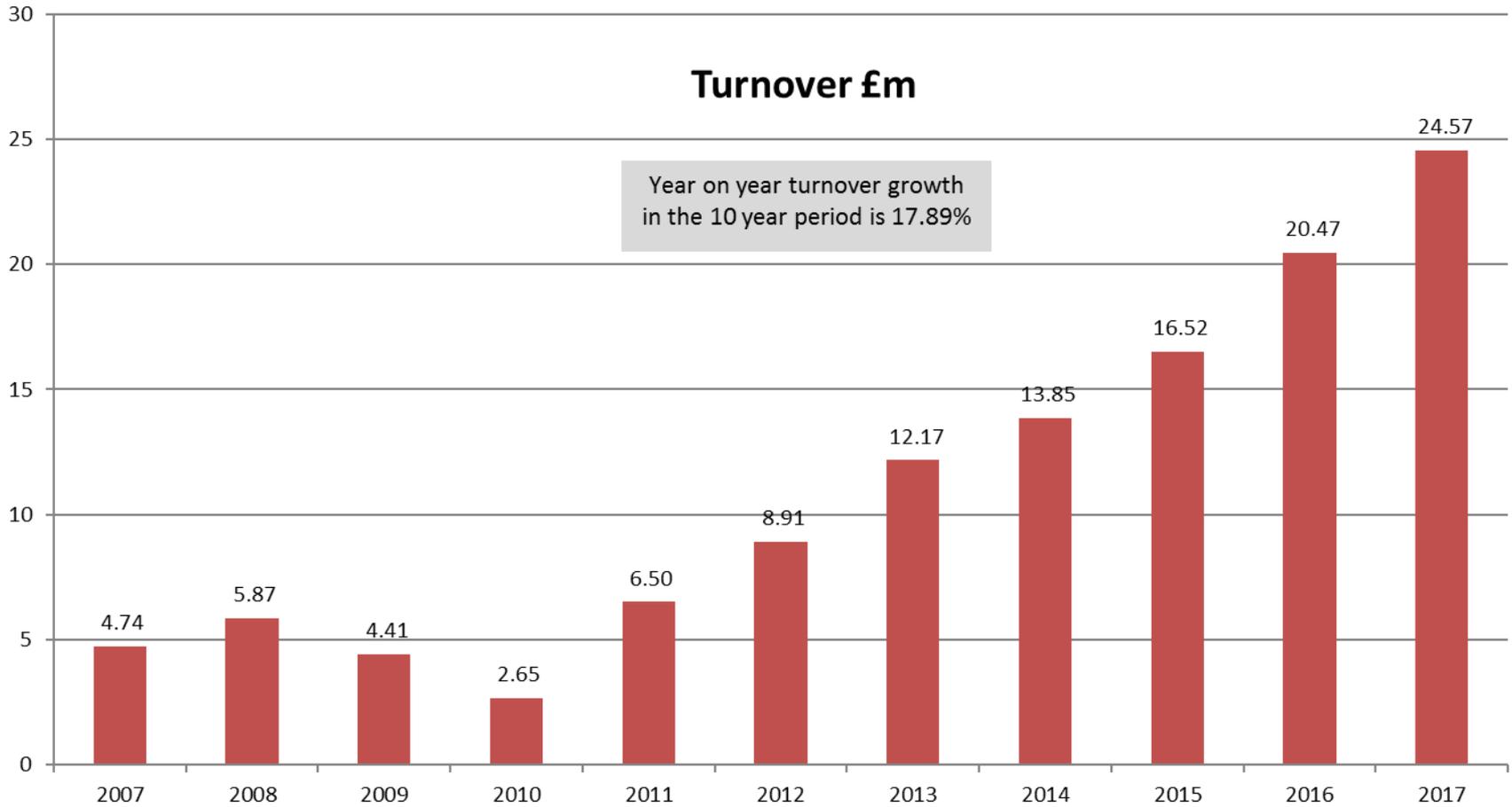


	Ordinary shares No.	Shareholding %
Anthony Best	4,747,107	24.7
Naemi Best	1,500,000	7.8
Anne Middleton	1,400,000	7.3
Liontrust Investment Management	1,149,628	6.0
Schroder Investment Management	975,690	5.0
Castlefield CFP SDL UK Buffetology Fund General	839,500	4.4
Cannacord Genuity Group Inc	823,683	4.3
Hargreaves Lansdown Asset Management	796,718	4.2
Rathbone Investment Management	683,141	3.6
Amati Global Investors	653,460	3.4



AB Dynamics

Historic Turnover



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