

*Interim Results Presentation  
Half Year ending 28 February 2017*

*April 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
- Over 90 employees



# Half Year - Highlights



## Operational Highlights

- Successful equity fundraising of £6 million to fund new product development and investment in supporting activities to drive growth
- Very strong demand for Guided Soft Targets following regulatory approval for global Advanced Driver Assistance Systems (ADAS) testing
- Demand for Driving Robots at an all time high – Autonomous Vehicle Testing
- Advanced Vehicle Dynamic Simulator project nearing commercialisation phase
- New factory build on target for late summer hand over
- Tim Rogers appointed as Chief Executive Officer

## Financial Highlights

- Revenues increased 9% to £11.0m (H1 2016: £10.1m)
- Profit before tax, excluding share option costs, increased 9% to £2.5m (H1 2016: £2.3m)
- Increased capital expenditure of £2.6m (H1 2016: £0.3m) in line with management expectations
- Net cash at 28 February 2017 of £14.8m (H1 2016: £10.2m)
- Basic EPS adjusted for share option costs of £0.8m increased to 11.04p (H1 2016: 10.53p)
- Interim dividend increased 10% to 1.331p per ordinary share (H1 2016: 1.21p)

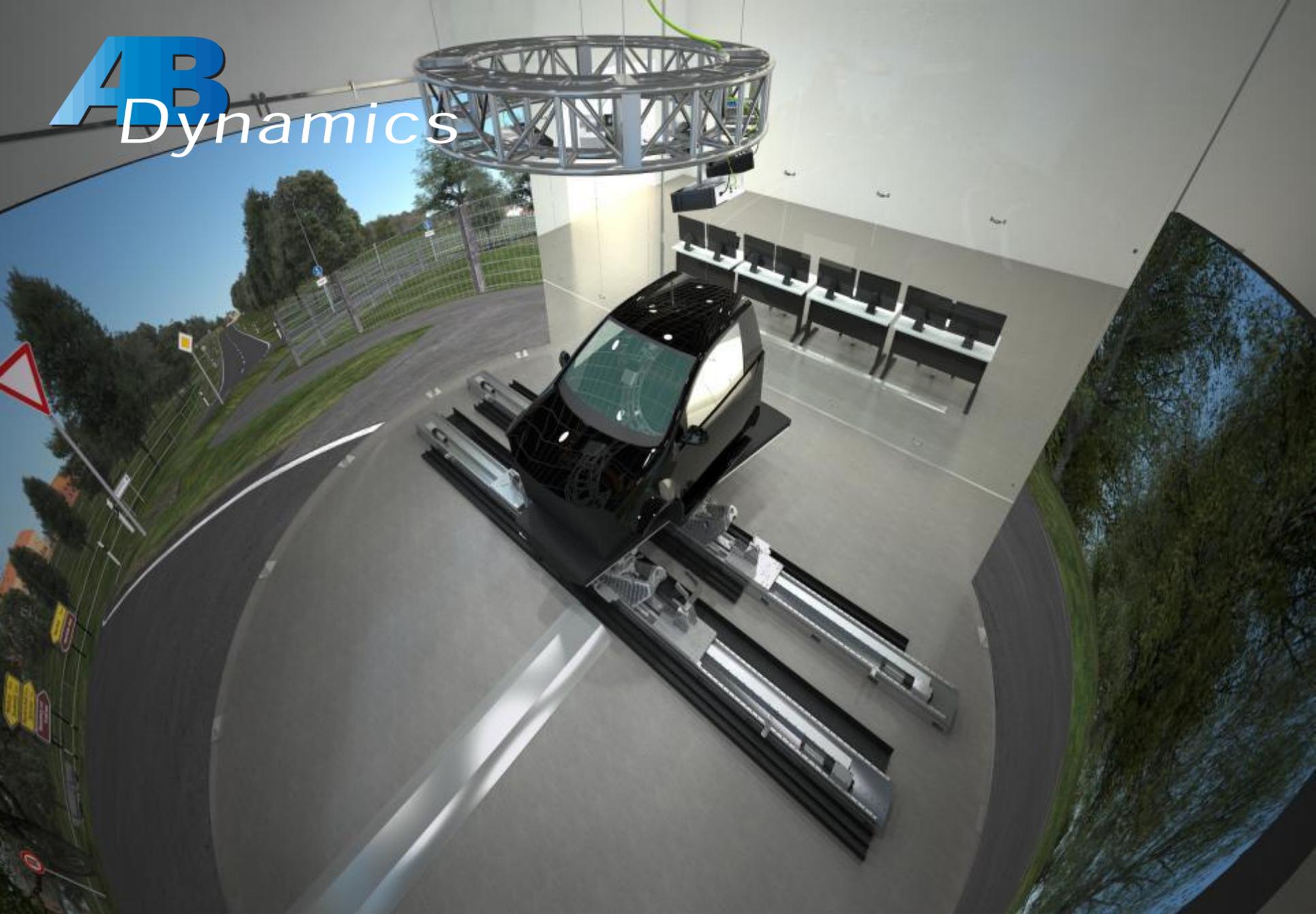
# Growth Drivers



- **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 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

# Synergies

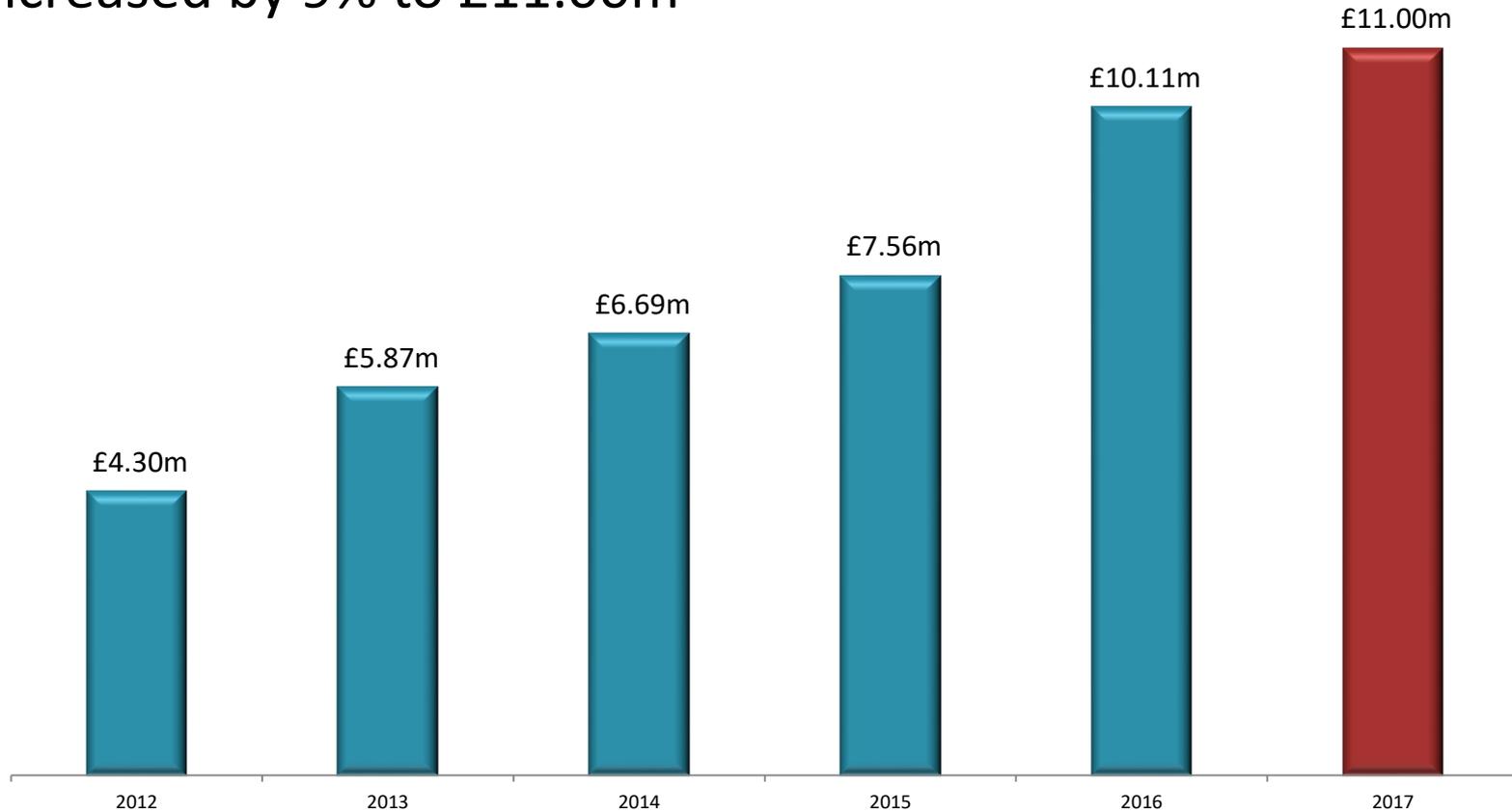




# Revenue



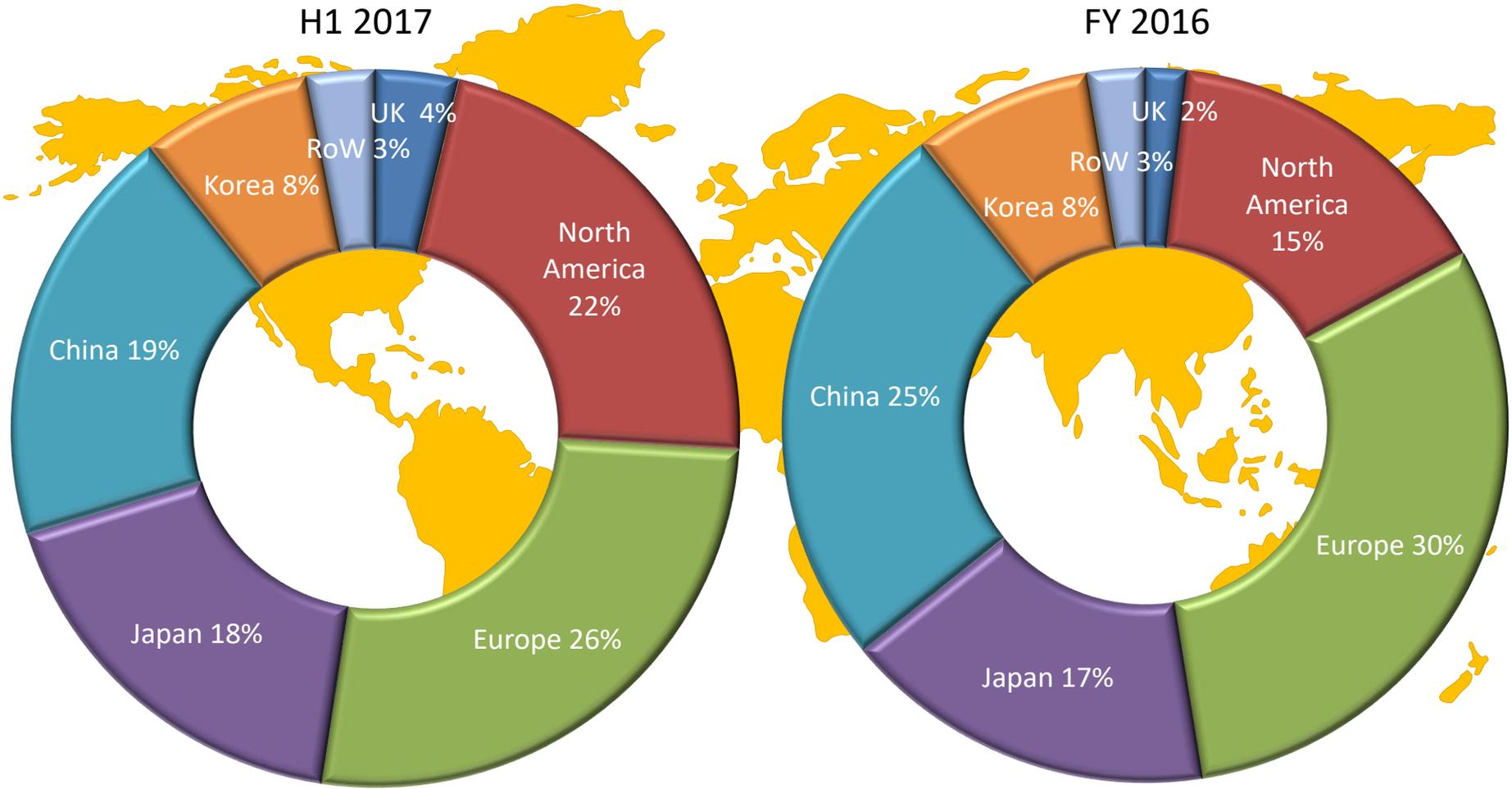
Revenue for the six months to 28 February 2017 increased by 9% to £11.00m



# Analysis of Revenue



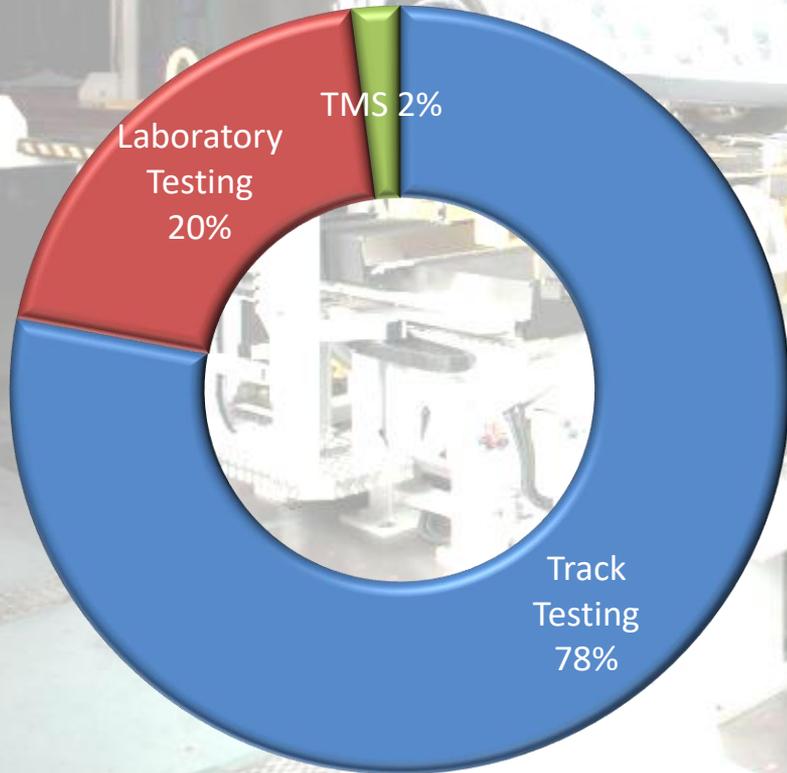
.....by Geographical Area £11.00m



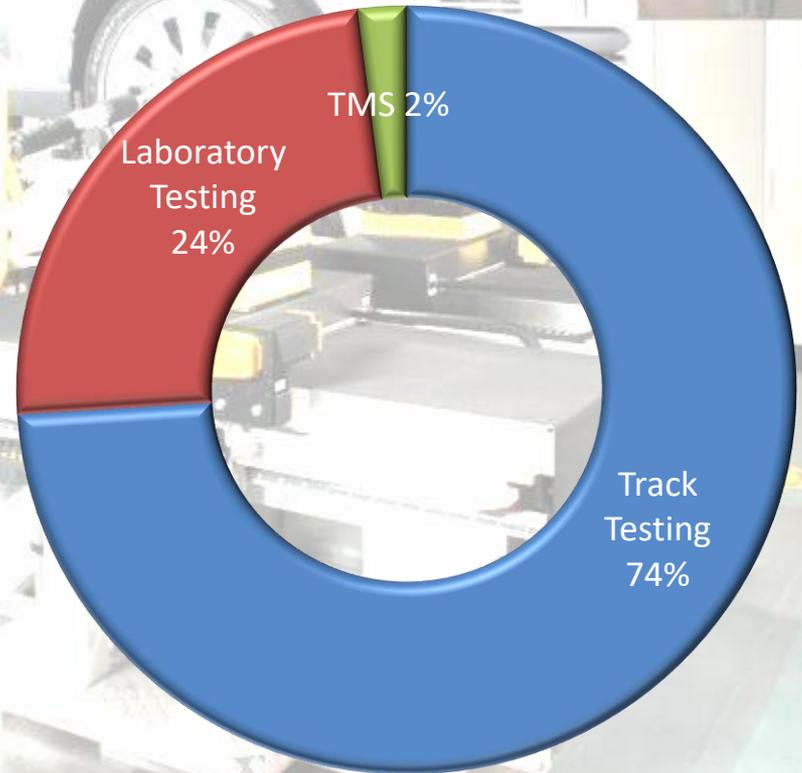
# Analysis of Revenue

.....by Product Area %

H1 2017



FY 2016

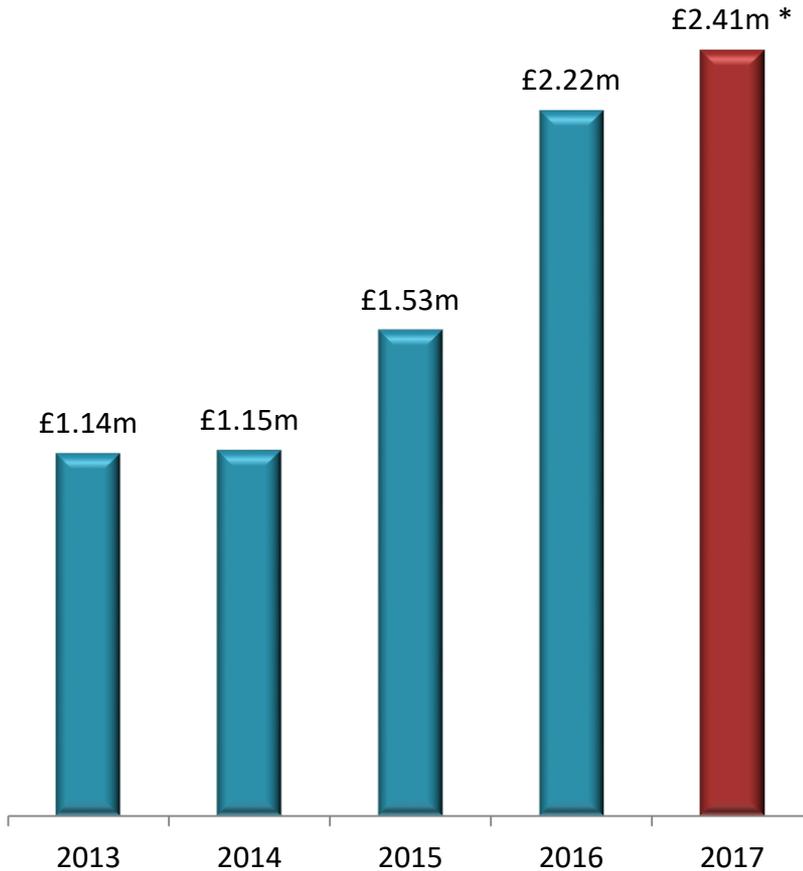




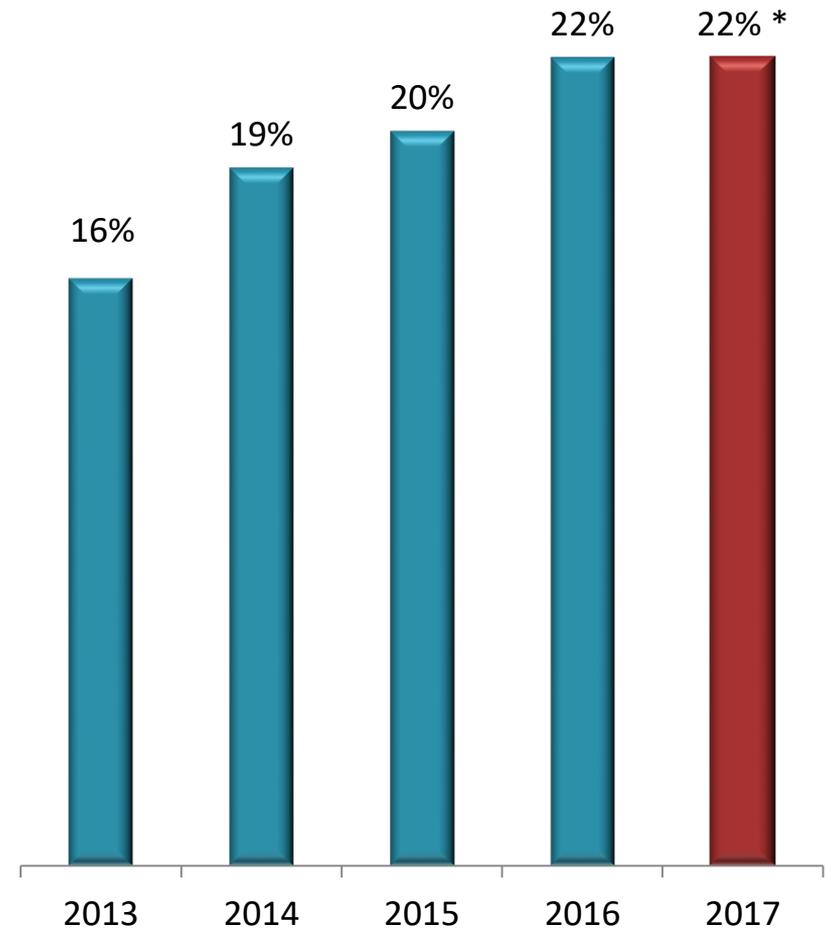
# Operating Profit

Six months to 28 February 2017

\*Excluding Share Option costs



Operating profit increased 9%

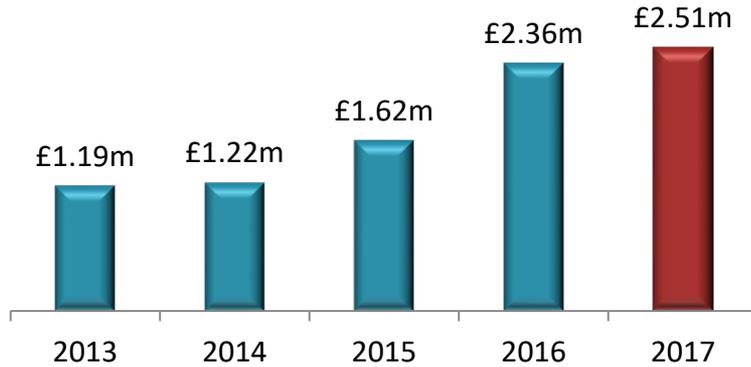


Operating profit margin remained at 22%\*

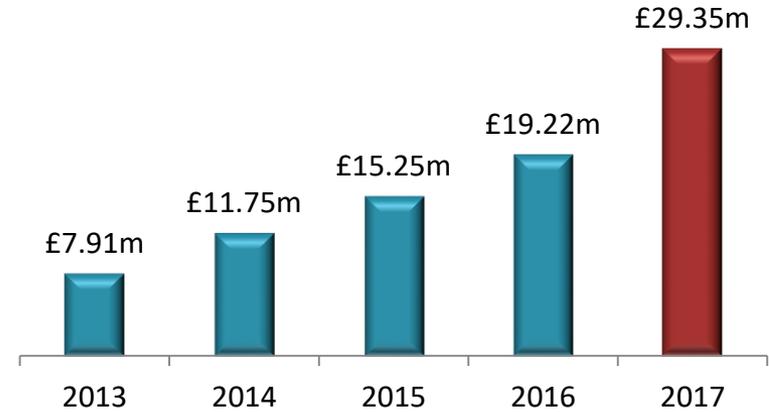
# Interim Financials



Operating cash flow  
(before working capital changes)



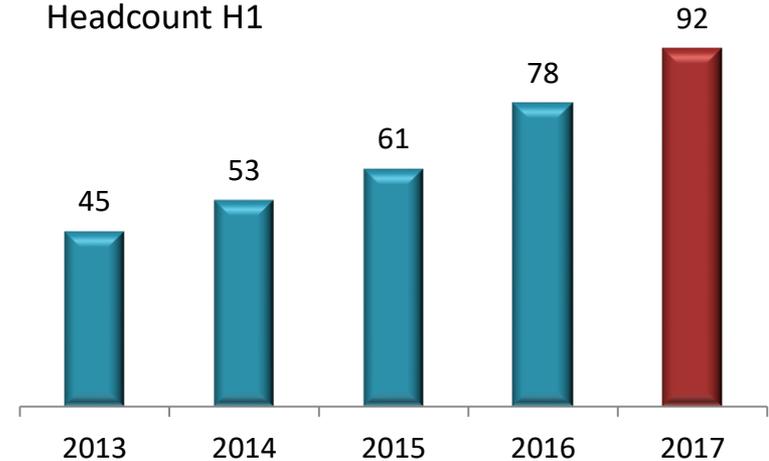
Total assets increased 53%



Cash



Headcount H1



# EPS and Dividend



**Earnings per share  
(pence)**

**2017      2016**

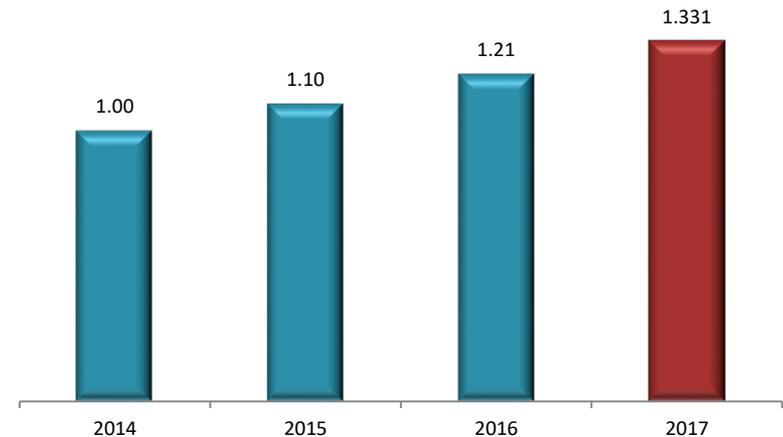
Basic                      6.65      10.53

Basic (adjusted)                      11.04

Diluted                      6.61      10.27

Diluted (adjusted)                      10.97

**Proposed interim dividend per share**



# Consolidated Statement of Comprehensive Income

		Unaudited 6 months ended 28 February 2017 £	Unaudited 6 months ended 29 February 2016 £	Audited Year ended 31 August 2016 £
	<i>Notes</i>			
Revenue		11,001,085	10,108,702	20,472,244
Cost of sales		(8,302,273)	(7,070,977)	(14,296,445)
Gross profit		2,698,812	3,037,725	6,175,799
Administrative expenses		(1,030,824)	(786,865)	(1,635,977)
Fair value (losses) / gains in respect of foreign currency forward contracts		(59,241)	(33,428)	(161,145)
<b>Operating profit</b>		<b>1,608,747</b>	<b>2,217,432</b>	<b>4,378,677</b>
Net finance income and (costs)		43,010	45,084	72,643
<b>Profit before taxation</b>		<b>1,651,757</b>	<b>2,262,516</b>	<b>4,451,320</b>
Income tax expense		(430,923)	(437,837)	(576,935)
<b>Profit after taxation and total comprehensive income for the period</b>		<b>1,220,834</b>	<b>1,824,679</b>	<b>3,874,385</b>
Earnings per share-Basic	2	6.65p	10.53p	22.25p
Earnings per share-Diluted	2	6.61p	10.27p	22.25p

# Consolidated Statement of Financial Position

	Unaudited 28 February 2017 £	Unaudited 29 February 2016 £	Audited 31 August 2016 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5,181,045	1,959,887	2,695,097
Deferred tax assets	-	138,235	-
	5,181,045	2,098,122	2,695,097
<b>CURRENT ASSETS</b>			
Inventories	3,780,447	2,949,435	3,191,642
Trade receivables	3,121,141	2,836,729	2,601,857
Other receivables, deposits and prepayments	1,285,884	638,905	1,006,657
Amount owing by contract customers	1,205,473	550,805	1,285,922
Derivative financial instruments	-	315	-
Taxation	-	-	148,992
Cash and cash equivalents	14,776,087	10,145,882	10,404,523
	24,169,032	17,122,071	18,639,593
<b>TOTAL ASSETS</b>	<b>29,350,077</b>	<b>19,220,193</b>	<b>21,334,690</b>
<b>EQUITY AND LIABILITIES</b>			
Called up share capital	191,119	173,344	177,646
Share premium account	8,579,264	2,540,711	2,590,267
Reconstruction reserve	(11,284,500)	(11,284,500)	(11,284,500)
Merger relief reserve	11,390,000	11,390,000	11,390,000
Retained earnings	16,347,092	12,483,120	14,643,035
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AND TOTAL EQUITY</b>	<b>25,222,975</b>	<b>15,302,675</b>	<b>17,516,448</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	53,648	-	118,946
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3,856,571	3,571,362	3,608,862
Derivative financial instrument	58,165	-	90,434
Provision for taxation	158,718	346,156	-
	4,073,454	3,917,518	3,699,296
<b>TOTAL LIABILITIES</b>	<b>4,127,102</b>	<b>3,917,518</b>	<b>3,818,242</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>29,350,077</b>	<b>19,220,193</b>	<b>21,334,690</b>

# Cash Flow Statement

	Unaudited 6 months ended 28 February 2017 £	Unaudited 6 months ended 29 February 2016 £	Audited Year ended 31 August 2016 £
<b>Cash flow from operating activities</b>			
Profit before taxation	1,651,757	2,262,516	4,451,320
Adjustments for:-			
Depreciation of property, plant and equipment	125,533	105,342	277,695
Loss on sale of property, plant and equipment	4,242	391	2,336
Finance income and costs	(32,270)	33,428	-
Interest income	(43,010)	(45,084)	(72,643)
Share based payment	805,649	3,237	273,405
<b>Operating cash flows, before working capital changes</b>	<b>2,511,901</b>	<b>2,359,830</b>	<b>4,932,113</b>
Decrease/(increase) in inventories	(588,804)	(407,731)	(649,939)
Decrease/(increase) in trade and other receivables	(718,061)	564,338	(303,657)
(Decrease)/increase in other payables	247,710	481,875	519,375
Fair value loss/(gain) on derivative instruments	-	-	124,178
<b>Cash flow (used in) / from operations</b>	<b>1,452,746</b>	<b>2,998,312</b>	<b>4,622,070</b>
Interest received	43,010	45,084	72,643
Income tax paid	(188,513)	(241,034)	(568,314)
<b>Net cash flow (used in) / from operating activities</b>	<b>1,307,243</b>	<b>2,802,362</b>	<b>4,126,399</b>
<b>Cash flow used in investing activities</b>			
Purchase of property, plant and equipment	(2,615,723)	(338,271)	(1,608,527)
Sale of property, plant and equipment	-	-	360,748
<b>Net cash flow used in investing activities</b>	<b>(2,615,723)</b>	<b>(338,271)</b>	<b>(1,247,779)</b>
<b>Cash flow used in financing activities</b>			
Dividends paid	(322,426)	(286,017)	(495,763)
Proceeds from issue of share capital, net of share issue costs	6,002,470	-	53,858
<b>Net cash flow from/(used in) financing activities</b>	<b>5,680,044</b>	<b>(286,017)</b>	<b>(441,905)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>4,371,564</b>	<b>2,178,074</b>	<b>2,436,715</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>10,404,523</b>	<b>7,967,808</b>	<b>7,967,808</b>
<b>Cash and cash equivalents at end of period</b>	<b>14,776,087</b>	<b>10,145,882</b>	<b>10,404,523</b>

# AB Dynamics



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