

# AB Dynamics

*Knowledge, design, product and service*



## Full Year Results 2013

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# Agenda

- Introduction and Highlights
- Financial Review
- Business Development
- Conclusion & Questions



# Executive Team

**Anthony Best, Executive Chairman**  
**Aged 76**

- 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**  
**Aged 51**

- 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**  
**Aged 44**

- 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
- Over 90% of sales non UK
- Strong forward order book
- Customers include R&D divisions of world leading automotive companies



# Full Year 2013 Highlights

## ■ Financial Highlights

- Revenues increased 37% to £12.2 million (2012: £8.9 million)
- Operating Profit increased 22% to £2.2 million (2012: £1.8 million)
- Cash at 31 August 2013 of £6.0 million

## ■ Operational Highlights

- Recruitment of Tim Rogers as Managing Director in October 2012
- Successful IPO to AIM in May 2013, raising gross proceeds of £2.5 million (net proceeds of £2 million) at a placing price of 86p
- Completion of new annex to existing plant and site reorganisation has added 30% to production capacity
- 3 New Suspension Parameter Measurement Machine (SPMM) orders received
- Received first orders for the next generation guided soft crash target vehicle (“GSTV”)



# 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:**
  - New facility – ABD is outgrowing its current facility and plans to open a new facility nearby in 2015
  - Establish presence in Japan & China – develop proprietary marketing, sales support and distribution channels
  - Explore complementary new technologies – organically or through acquisition
  - Recruitment of high calibre personnel

# Top Customers

## AUTOMOTIVE OEMS

- Audi
- 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 2013 £	Proforma Year ended 31 August 2012 £
Revenue	12,171,473	8,910,839
Cost of sales	(9,048,895)	(6,445,056)
Gross profit	3,122,578	2,465,783
Administrative expenses	(914,344)	(666,616)
<b>Operating profit before AIM transactions costs</b>	<b>2,208,234</b>	<b>1,799,167</b>
Transaction costs	(315,305)	-
<b>Operating profit</b>	<b>1,892,929</b>	<b>1,799,167</b>
Net finance income and (costs)	(27,698)	84,236
<b>Profit before taxation</b>	<b>1,865,231</b>	<b>1,883,403</b>
Corporation tax expense	(441,974)	(451,044)
<b>Profit after taxation</b>	<b>1,423,257</b>	<b>1,432,359</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period attributed to equity holders</b>	<b>1,423,257</b>	<b>1,432,359</b>
Earnings per share-Basic (pence)	10.01p	10.69p
Earnings per share-Diluted (pence)	9.48p	10.69p
Adjusted EPS (before AIM transaction costs):		
Earnings per share-Basic (pence)	12.23p	10.69p
Earnings per share-Diluted (pence)	11.58p	10.69p

- Revenue increased 37% to £12,171,473
- Operating Profit excluding non-recurring AIM costs increased 22% to £2,208,234
- IPO Transaction cost £315,305
- Profit after tax £1,423,257

# Balance Sheet

	2013 £	Proforma 2012 £
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,012,109	428,838
	<u>1,012,109</u>	<u>428,838</u>
<b>CURRENT ASSETS</b>		
Inventories	1,486,390	1,475,105
Trade receivables	1,132,625	1,353,301
Amount owing by contract customers	266,950	184,372
Other receivables, deposits and prepayments	1,736,598	986,990
Financial instruments	-	44,821
Cash and cash equivalents	5,990,176	2,481,476
	<u>10,612,739</u>	<u>6,526,065</u>
<b>TOTAL ASSETS</b>	<u>11,624,848</u>	<u>6,954,903</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	163,070	134,000
Share premium	2,302,528	43,000
Share based payment reserve	18,613	-
Reconstruction reserve	(11,284,500)	62,500
Merger relief reserve	11,390,000	-
Retained profits	5,631,803	4,443,046
Total equity attributable to owners of the Company and total equity	<u>8,221,514</u>	<u>4,682,546</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	41,923	71,136
<b>CURRENT LIABILITIES</b>		
Trade and other payables and accruals	3,163,093	1,771,221
Provision for taxation	198,318	430,000
	<u>3,361,411</u>	<u>2,201,221</u>
<b>TOTAL LIABILITIES</b>	<u>3,403,334</u>	<u>2,272,357</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>11,624,848</u>	<u>6,954,903</u>

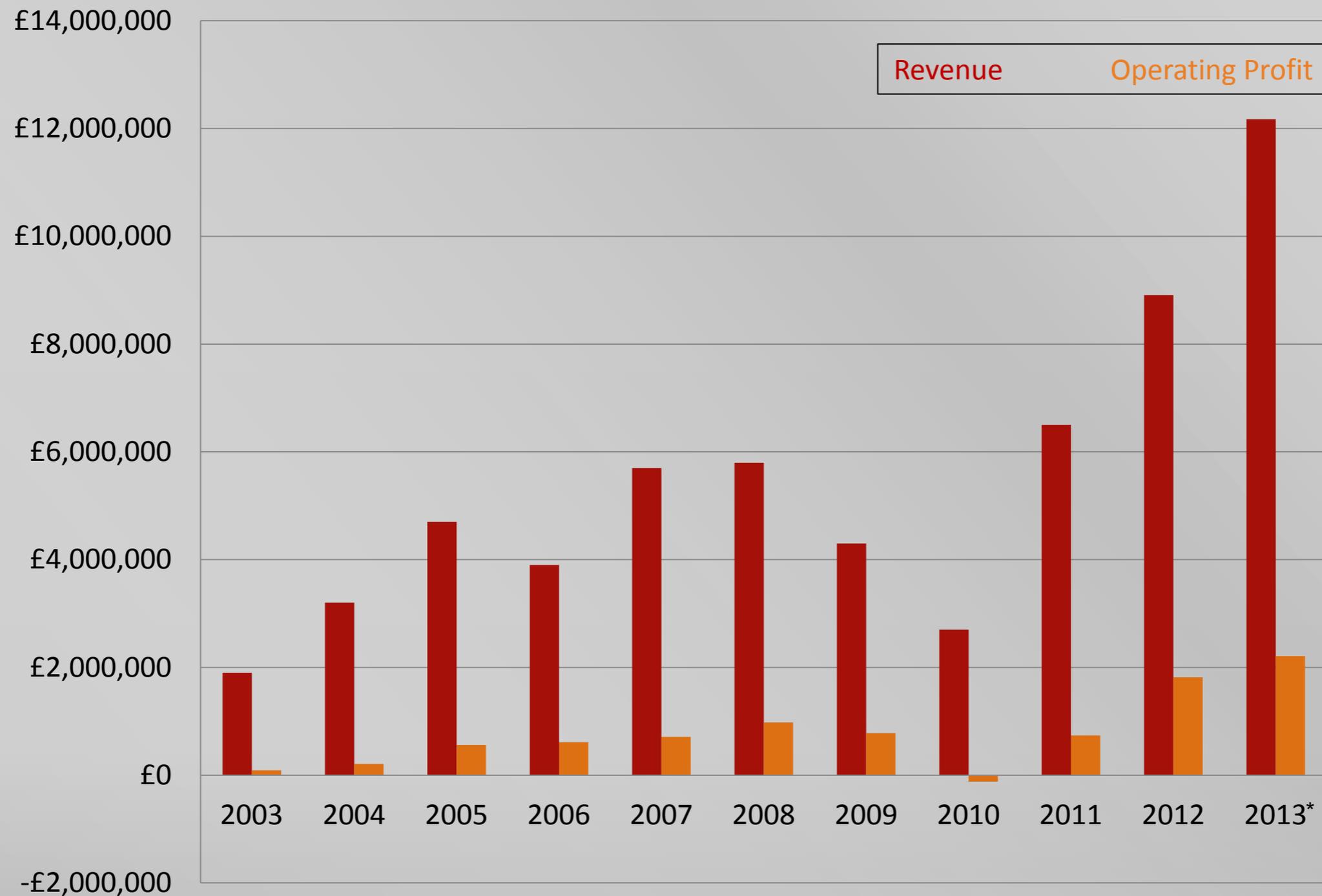
- Debt free with net cash of £6 million

# Cash Flow

	2013 £	Proforma 2012 £
<b>Cash flow from operating activities</b>		
Profit before taxation	1,865,231	1,883,403
Adjustments for:-		
Depreciation of property, plant and equipment	92,127	78,445
Loss/(profit) on sale of property, plant and equipment	2,753	(679)
Finance income and costs	44,821	(68,696)
Interest income	(17,123)	(15,540)
Share based payment	18,613	-
<b>Operating profit before working capital changes</b>	<b>2,006,422</b>	<b>1,876,933</b>
Increase in inventories	(11,285)	(690,763)
Increase in trade and other receivables	(611,510)	(1,021,240)
Increase in other payables	1,391,872	525,752
<b>Cash flow from operations</b>	<b>2,775,499</b>	<b>690,682</b>
Interest received	17,123	15,540
Income tax paid	(702,869)	(190,000)
<b>Net cash flow from operating activities</b>	<b>2,089,753</b>	<b>516,222</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(678,461)	(205,341)
Sale of property, plant and equipment	310	2,545
<b>Cash flow used in investing activities</b>	<b>(678,151)</b>	<b>(202,796)</b>
<b>Cash flow from financing activities</b>		
Dividends paid – prior to group reconstruction	(234,500)	(201,000)
Proceeds from issue of share capital, net of issue costs	2,331,598	-
<b>Net cash flow from/(used in) financing activities</b>	<b>2,097,098</b>	<b>(201,000)</b>
Net increase in cash and cash equivalents	3,508,700	112,426
Cash and cash equivalents at beginning of the financial year	2,481,476	2,369,050
Cash and cash equivalents at end of the financial year	5,990,176	2,481,476

- Highly cash generative

# Financial performance



\*Before AIM transaction cost

# Business plan update

- New Factory
  - Plans for a new factory close to the existing site are awaiting final approval
  - Provides ABD with over twice the current manufacturing capacity
  - Expected completion end of 2015
- Upgrade of Current Facilities
  - New Factory annex completed
  - Refurbishment of existing factory on going
  - Provision new offsite facilities
  - 30% additional production capacity
- Establish offices in Asia
  - Relocated UK ABD engineer to Japan
  - Expect to have the support offices operating in region by the end of 2014
- Corporate Development
  - Continue to recruit exceptional personnel -4 new graduate engineers and 2 new machinists recruited
  - Develop/acquire new complementary technologies
  - On-going product development





# Summary

- Successful IPO
- Strong trading performance
- Robust balance sheet with c. £6 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 2015
- Uptake of new products
- Asian market presence expanded
- Expect to recommend a dividend payment in the current financial year



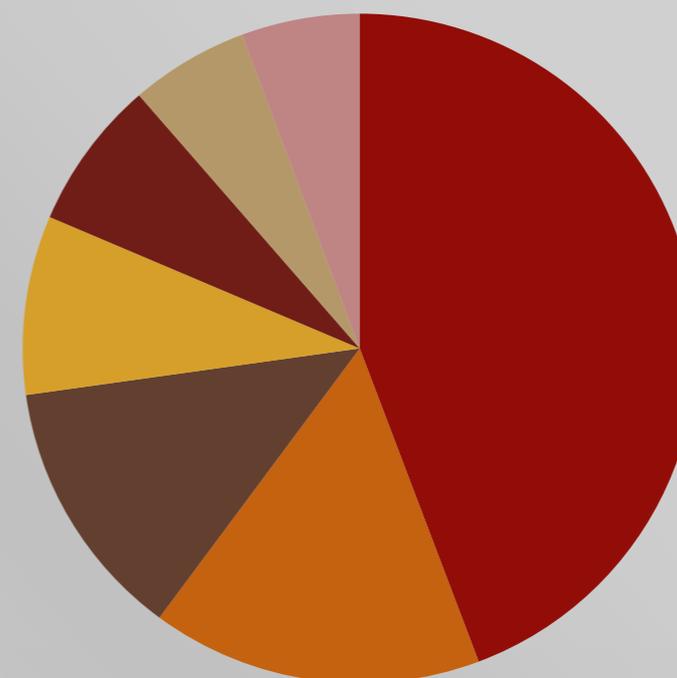
# Appendices

# Share Information (as at 6.11.13)

19 new institutions invested

## Key Statistics

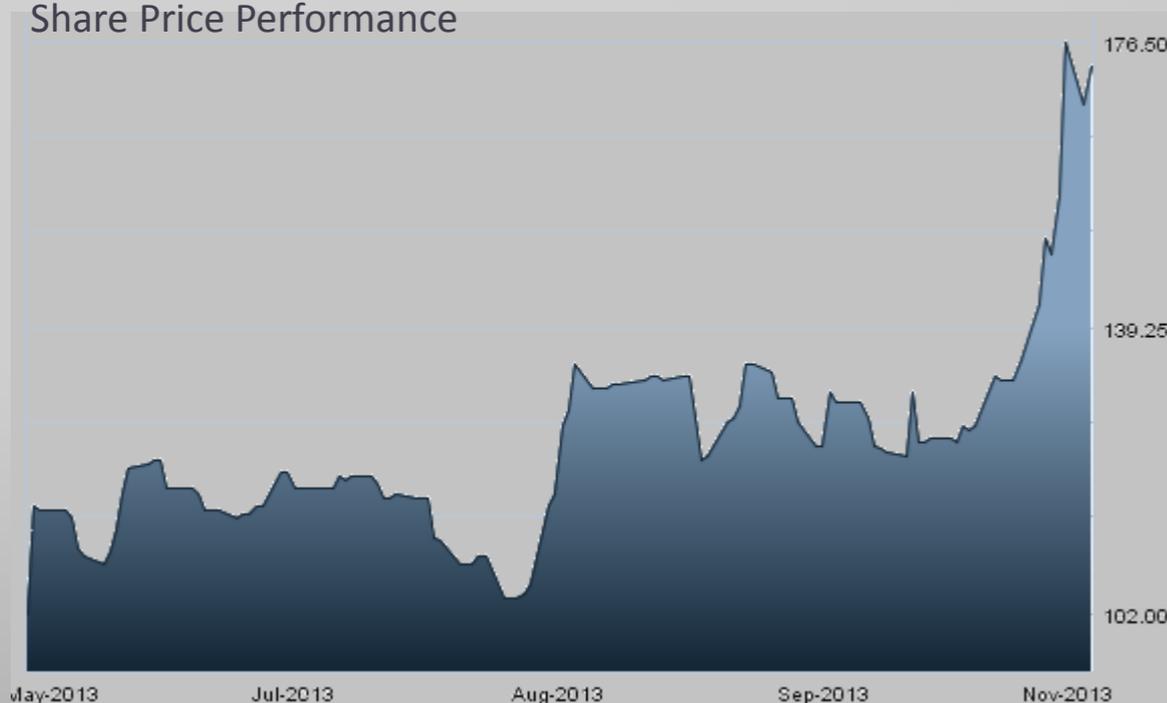
Share Price	170.0p
Market	AIM
Ticker	ABDP
Market Cap	£27.7m
Ord. Shares in Issue	16,306,976



- Anthony Best (34.3%)
- Anne Middleton (12.3%)
- Naemi Best (9.8%)
- UK Multicap Income \* (6.7%)
- The Diverse Income Trust Plc \* (5.6%)
- Amati Global Investors (4.4%)
- Stephen Neads (4.4%)

\*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.

## Share Price Performance



# Board of Directors

**Anthony Best**  
**Aged 76**

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 51**

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 Octel 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 44**

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 to service global customers



# 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



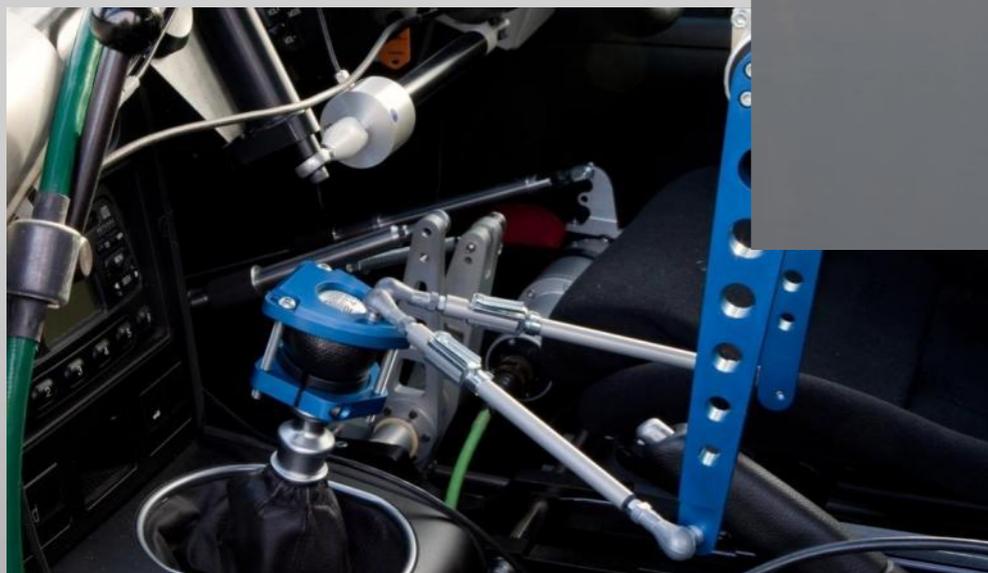
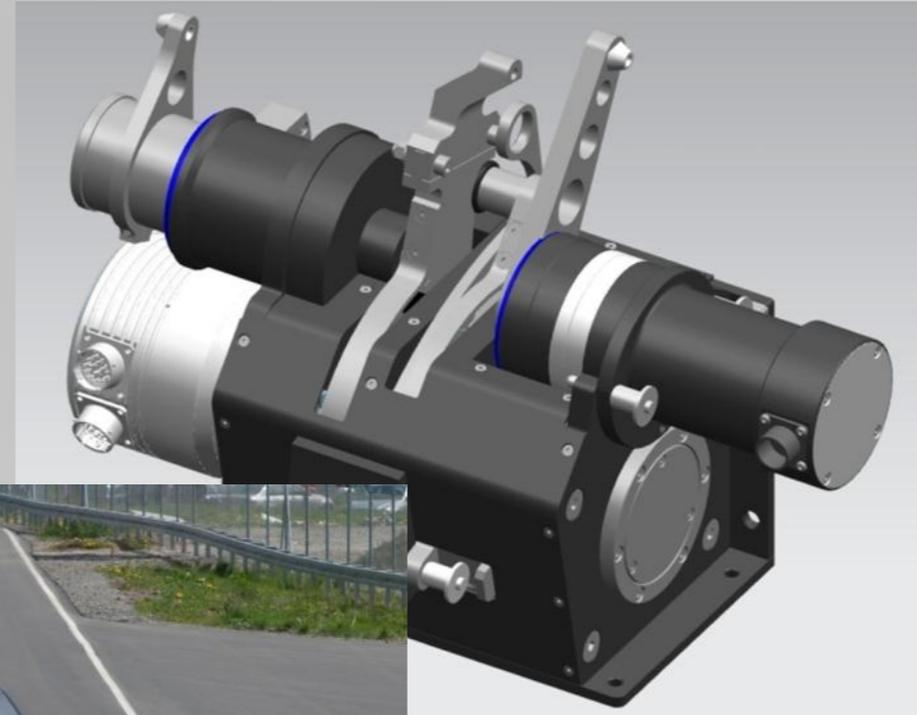
## Measurement and Analysis Software

### Power train Noise, Vibration & Harshness (NVH) Testing

PLATO NVH Test System

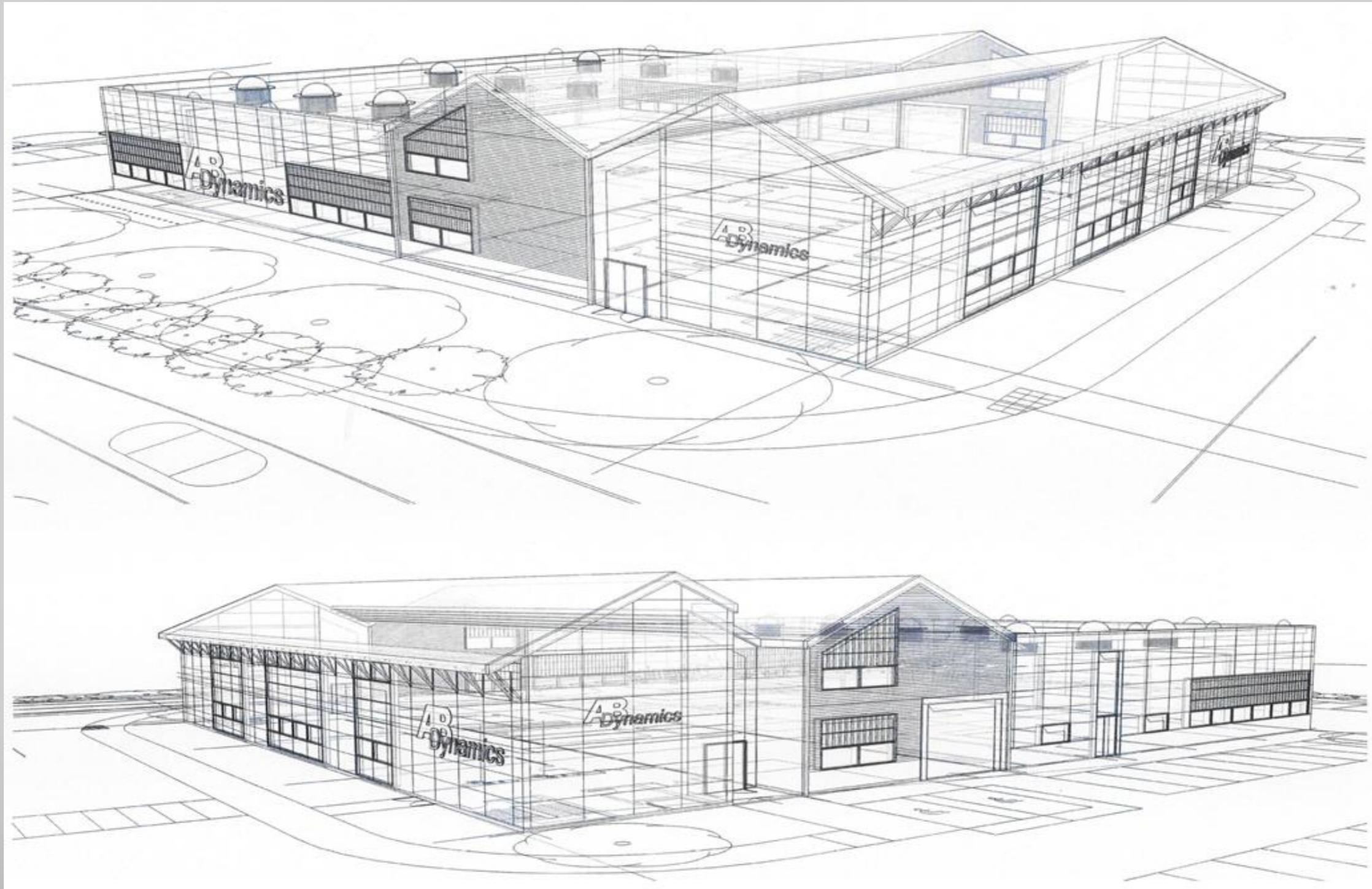


# ABD possesses unrivalled technology and know-how



# Proposed New Facility

## Over twice the size of the current facilities



# Located in Bradford on Avon Proposed relocation 2015



# AB Dynamics

