

# Delivering our growth plan

Half year results presentation – 23 April 2025



# Agenda

Highlights

Financial results

Update on our growth strategy

- Organic growth drivers
- Margin expansion
- M&A
- ABD Solutions

Wrap up



**Dr James Routh**, Chief Executive Officer



**Sarah Matthews-DeMers**, Chief Financial Officer

# Highlights

Dr James Routh, Chief Executive Officer





# A strong start to delivering our growth plan

## Strong financial results:

- 11% growth in revenue
- 21% growth in operating profit

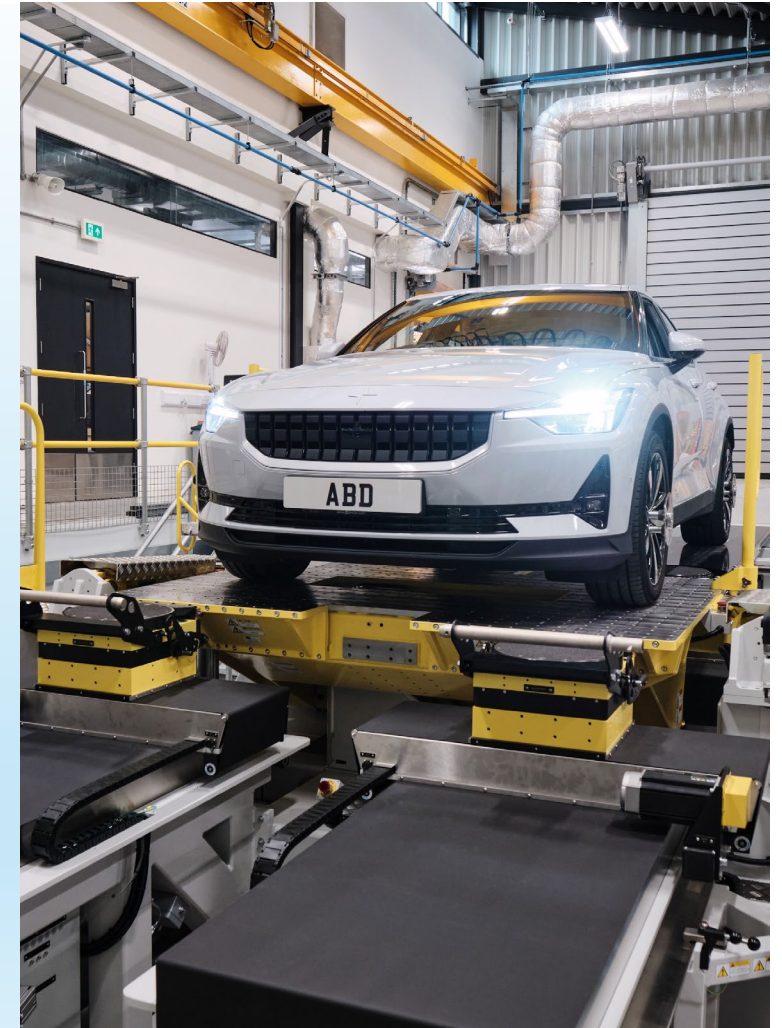
Market and customer activity levels positive in H1

Product development and new product launches completed in line with technology roadmap

Delivery of automated mileage accumulation contract, enabled by ABD Solutions' technology

Bolab acquisition completed, integration progressing as planned

Net cash of £27.2m supports further organic and inorganic investment and a 20% increase in interim dividend



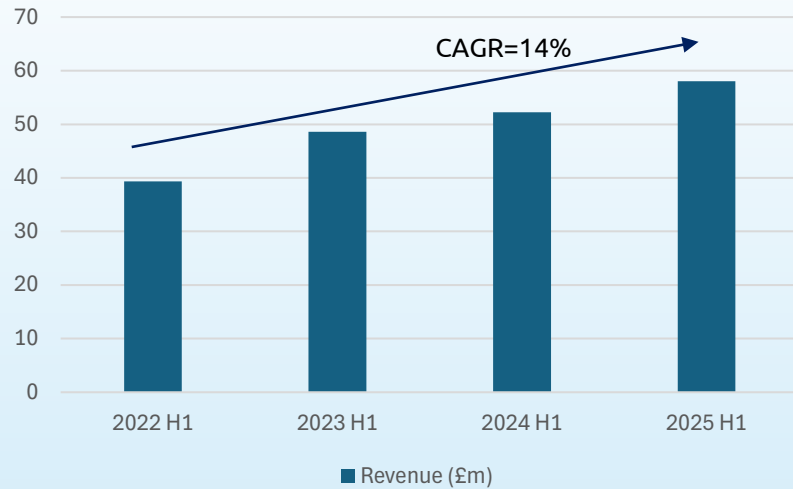
# Financial results

Sarah Matthews-DeMers, Chief Financial Officer

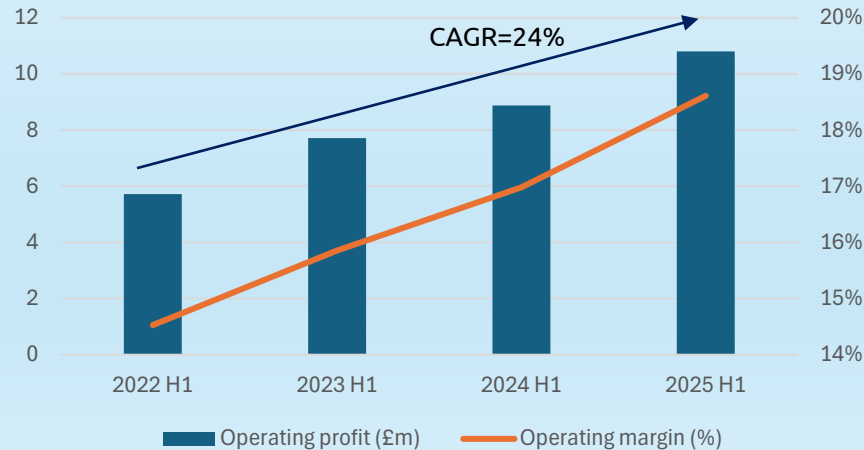


# Strong financial performance

## Revenue



## Operating profit



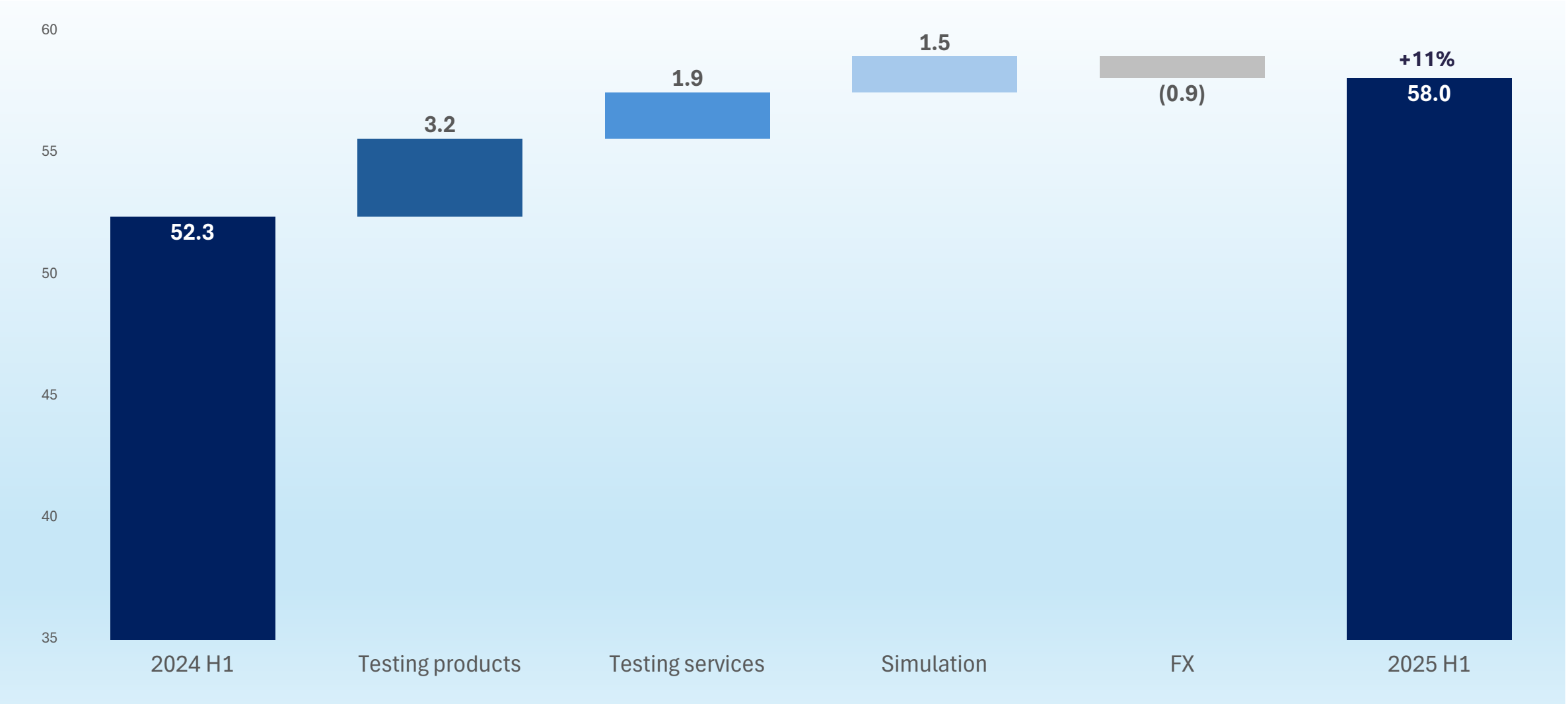
	H1 2025	H1 2024	Change
Revenue	<b>£58.0m</b>	£52.3m	<b>↑ 11%</b>
Adjusted* operating profit	<b>£10.8m</b>	£8.9m	<b>↑ 21%</b>
Adjusted* operating margin	<b>18.6%</b>	17.0%	<b>↑ 160 bps</b>
Adjusted* diluted EPS	<b>37.0p</b>	30.9p	<b>↑ 20%</b>
Cash conversion**	<b>98%</b>	117%	
Order book	<b>£42.1m</b>	£41.3m	<b>↑ 2%</b>

- Revenue up 11% with strong growth across all three sectors
- Operating profit up 21% to £10.8m
- Operating margin expansion, up 160 bps to 18.6%, as a result of full year effect of operational improvements, operating leverage and revenue mix
- Effective tax rate up from 18% to 20% due to geographic mix
- Diluted EPS up 20% to 37.0p
- Dividend up 20% to 2.80p
- Cash conversion of 98% with rolling three-year average of 109%
- Closing order book of £42.1m provides good visibility into H2 2025

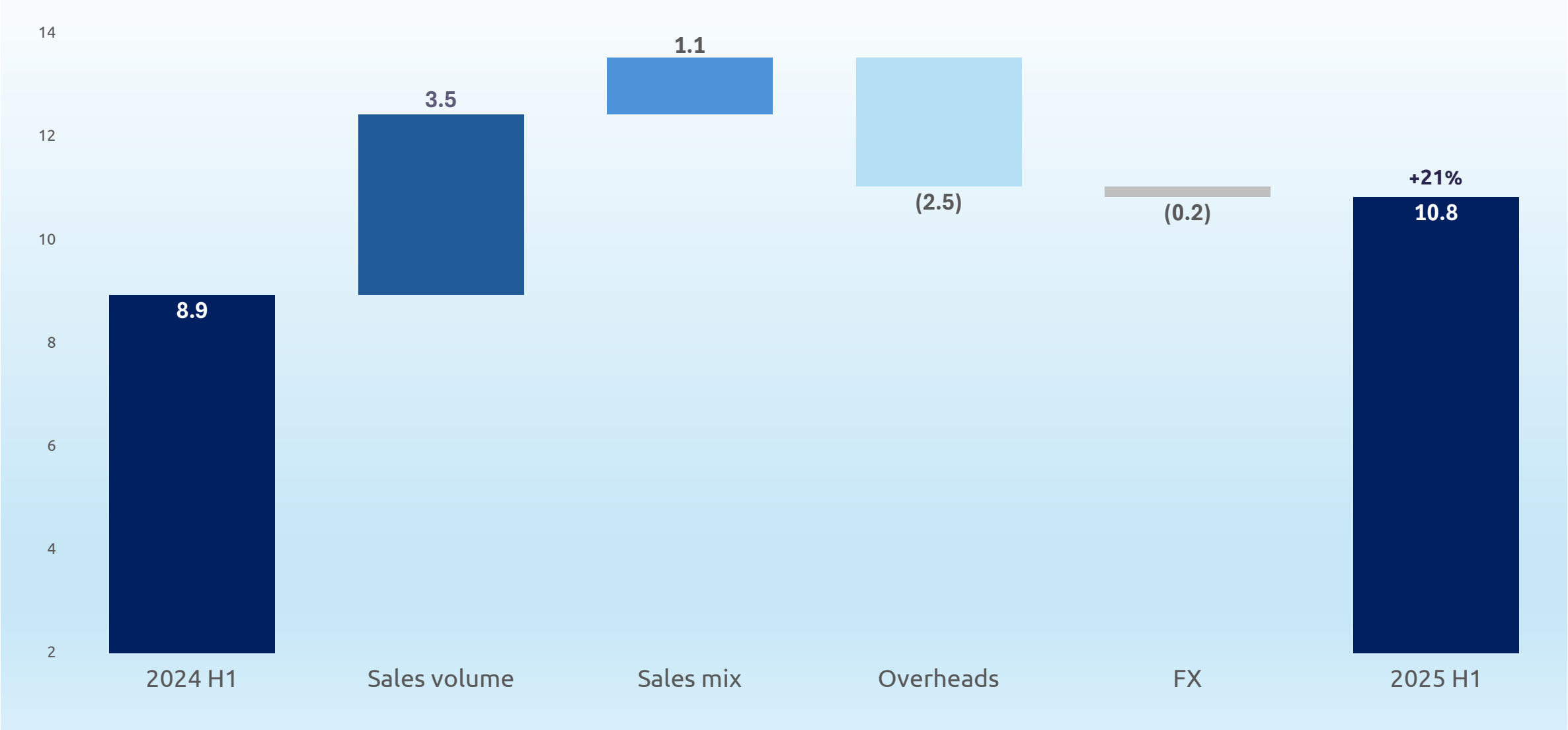
\* Before amortisation of acquired intangibles, acquisition related charges and exceptional items

\*\* Cash conversion is calculated over the last 12 months

# Revenue (£m)

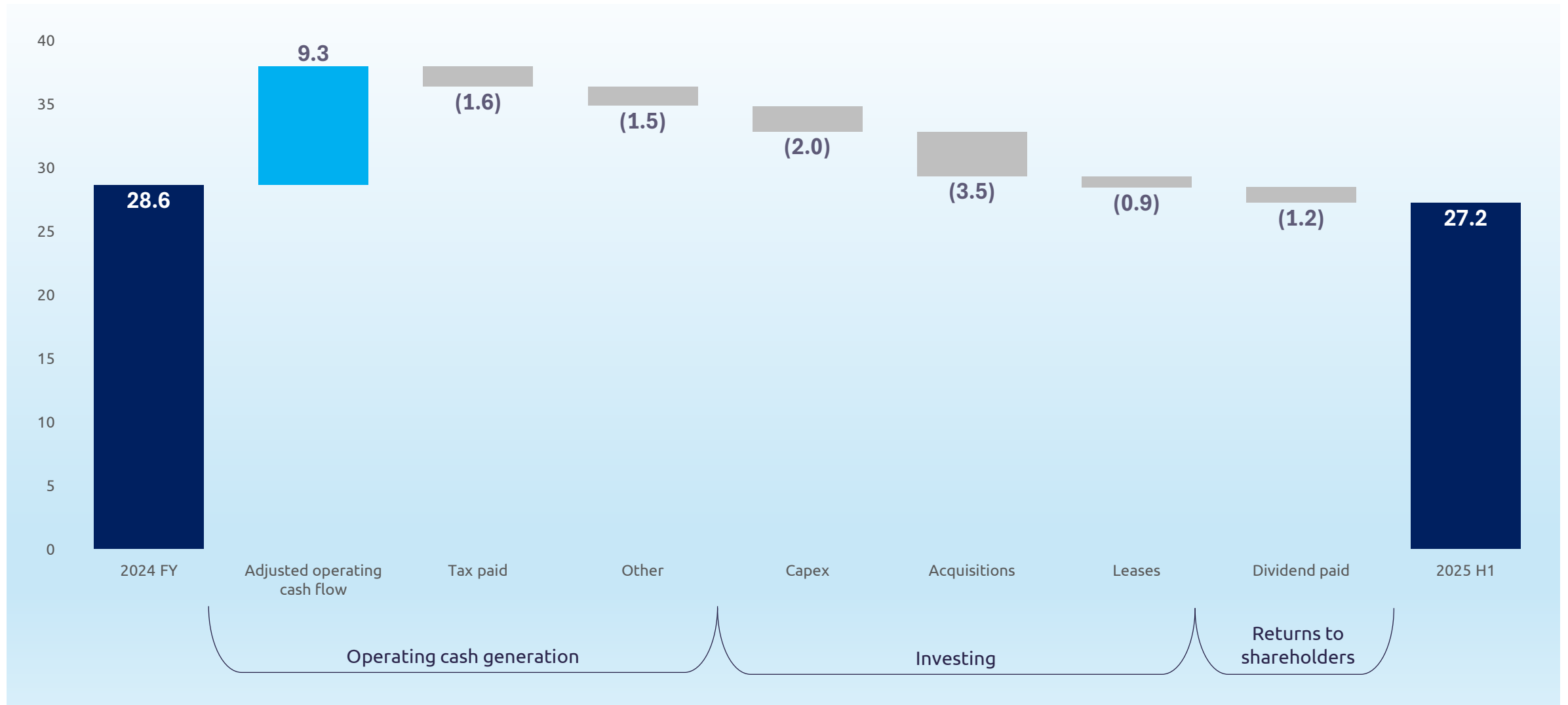


# Adjusted operating profit (£m)





# Net cash (£m)



# Testing products

	H1 2025	H1 2024	Change
Revenue	£37.5m	£34.9m	↑ 7%
EBITDA	£9.1m	£7.3m	↑ 25%
EBITDA margin	24.3%	20.9%	↑ 340 bps
Adjusted operating profit	£8.1m	£6.4m	↑ 27%
Adjusted operating margin	21.6%	18.3%	↑ 330 bps

## Highlights

- Market drivers continue to support track testing activity levels
- Strong growth in driving robots offset by lower SPMM revenue
- High value SPMM sales are individually material and the timing of revenue recognition can impact the segmental margin
- Margins driven by mix, together with efficiencies from improvement in production layout and capacity planning



# Testing services

	H1 2025	H1 2024	Change
Revenue	£9.1m	£7.5m	↑ 21%
EBITDA	£2.8m	£2.0m	↑ 40%
EBITDA margin	30.8%	26.7%	↑ 410 bps
Adjusted operating profit	£1.9m	£1.4m	↑ 36%
Adjusted operating margin	20.9%	18.7%	↑ 220 bps

## Highlights

- US momentum maintained in advance of new regulatory requirements
- Margin improvement driven by operational gearing
- Strong customer relationships have facilitated cross selling of testing services
- Tenders have been submitted for the renewal of long-term testing services contracts in China, for delivery in FY 2026 and beyond



# Simulation

	H1 2025	H1 2024	Change
Revenue	£11.4m	£9.9m	↑ 15%
EBITDA	£3.0m	£2.9m	↑ 3%
EBITDA margin	26.3%	29.3%	↓ 300 bps
Adjusted operating profit	£2.8m	£2.7m	↑ 4%
Adjusted operating margin	24.6%	27.3%	↓ 270 bps

## Highlights

- Revenue growth driven by simulator motion platform sales
- Simulation software offering expanded with the launch of AV Elevate
- Margins were impacted by the mix of lower software and higher equipment sales in the period
- High value simulator sales are individually material and two further contract wins are assumed in H2 revenue expectations





# Key financial enablers

## Capital allocation

- Organic R&D and capex
- ABD Solutions
- M&A
- Dividends

## Cash conversion

- Last three-year rolling average 109%
- Aim to continue at 100% through the cycle

## Strong balance sheet

- Cash positive – c£30m
- RCF facility – £20m extended to February 2028
- Debt capacity of 2x EBITDA – c£50m

## Great people

- 575 global employees
- Over 200 qualified engineers and technicians
- c90% retention rate

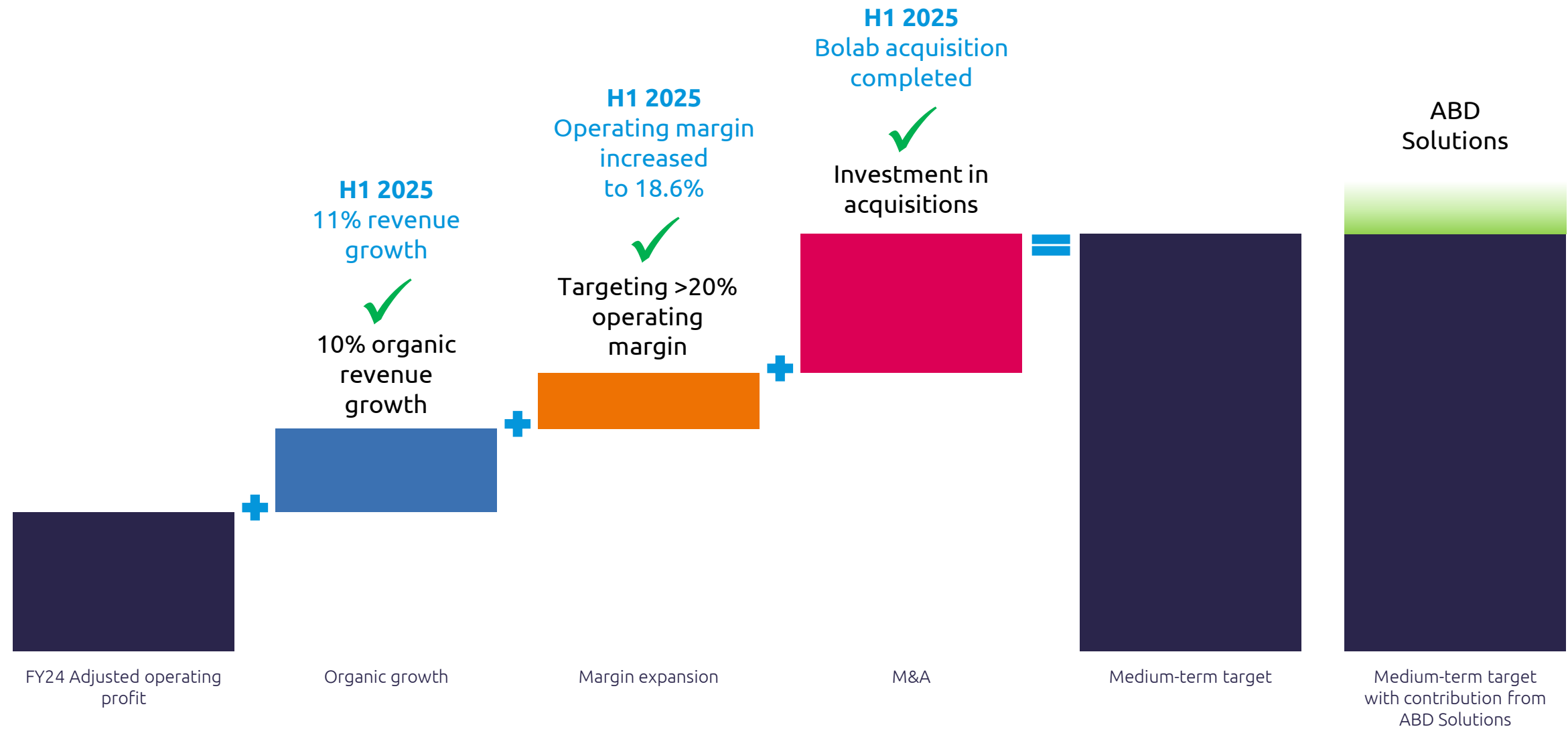
# Update on our growth strategy

Dr James Routh, Chief Executive Officer



# Value creation roadmap

Our ambition is to double revenue and triple operating profit over the medium term



# Organic growth drivers





# Organic growth drivers

## Market drivers

### Consumer ratings

- Improving safety technology
- Increasing number and complexity of tests
- Euro NCAP standards becoming global
- Standards expanded to multiple vehicle categories

**1,000**

NCAP tests by 2026 up from 450

### Regulation

- US – NHTSA
- Europe – UNECE
- Japan
- China

**>40,000**

road deaths in the USA

### New vehicle models

- Development
- Certification
- Speed to market
- Cost effectiveness
- New sensor technology
- Increasing automation

**c150**

new model launches 2023

### New powertrains

- EVs
- Hybrid
- Hydrogen
- Reduced emission fuels

**+400**

OEMs developing EVs

### H1 2025 update

- Falling production volumes have had limited impact on OEM R&D spend
- We are OEM and powertrain agnostic, with 145 customers and geographic diversification, providing resilience
- Our products enable OEMs to increase efficiency and speed of development
- Tariffs may cause short term disruption in the automotive market, but OEMs remain committed to R&D

# Margin expansion



# Margin expansion

A programme of incremental improvements underpinned by our new ERP

Three opportunities . . .

**Scale**

Across three core focus areas

**Operational gearing**

**H1 2025 update**

11% increase in revenue dropped through  
to 21% increase in operating profit



**Simplify**

**Improved supply chain**

Gross margin increased by 190 bps and  
resilience improved



**Standardise**

**Operational efficiency**

Increase in production volumes delivered  
on constant headcount and manufacturing  
footprint



**ERP platform**

**Culture**

# M&A





# Inorganic growth driver – M&A

A strong financial framework delivering value enhancing M&A

- Our M&A pipeline is healthy and based on clear criteria
- Our initial focus is on bolt-on acquisitions, where the target is operating in a niche area at high margins, but is individually sub-scale
- Typically targets will offer new product or service capabilities that can be cross-sold through our existing sales channels and relationships
- We typically target profitable, cash generative businesses capable of achieving strong ROI, which are EPS accretive
- Strong track record of integrating businesses onto the ABD platform
- Highly disciplined approach to deal execution and post-acquisition integration

**50 opportunities**

**25 focused relationships**

**Up to 4 active discussions**  
**Preferred approach: transact off-market**

H1 2025 update

Acquisition of Bolab completed



Integrated into our testing products sector



Withdrew from further transaction due to due diligence findings

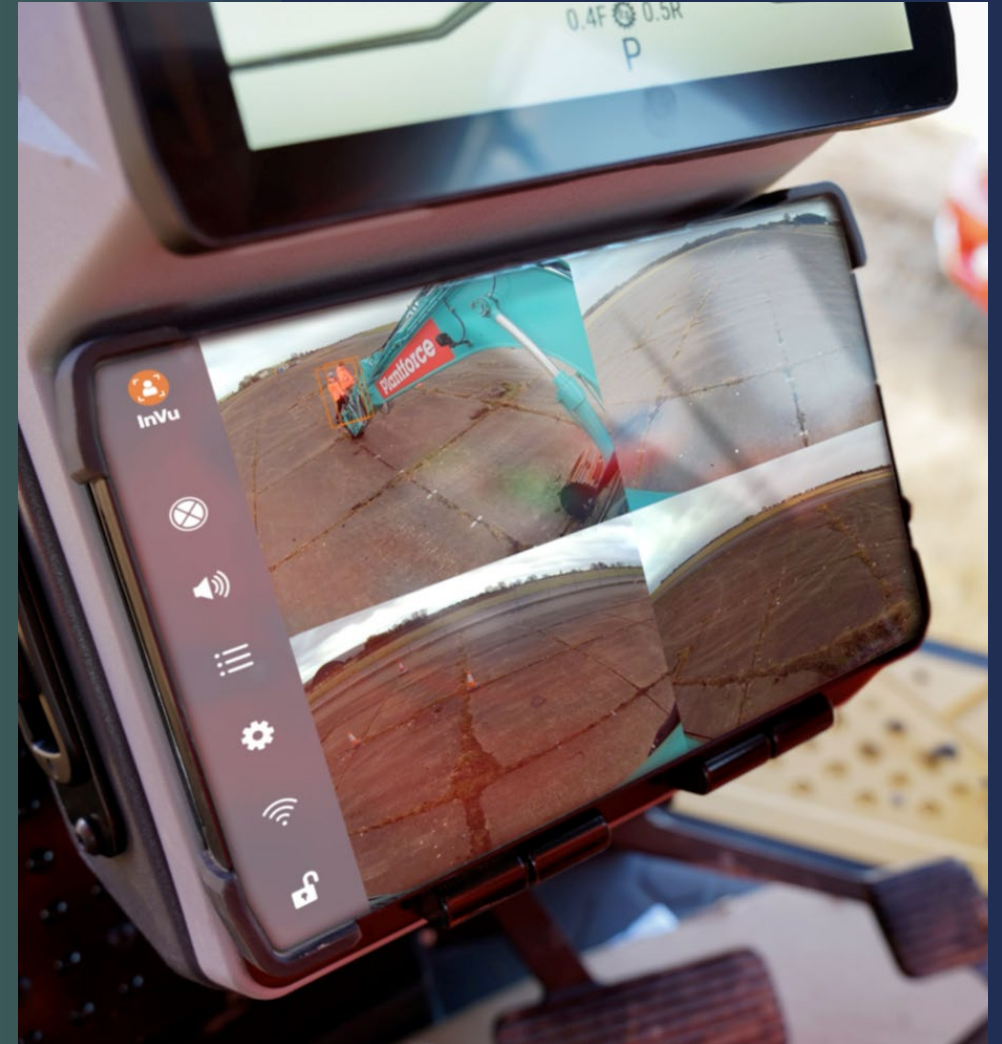


# ABD Solutions



# ABD Solutions

- Good progress in expanding into adjacent markets through ABD Solutions
- Provided enabling technology into a new automated mileage accumulation solution for a major automotive OEM, with initial revenues delivered during the first half
- Demonstrates capability as Group's technology accelerator unit
- Development of opportunities for niche mining applications
- Product development largely complete and focus on commercialisation is driving an improved pipeline





# Wrap up

**Dr James Routh**, Chief Executive Officer





# Summary and outlook

## H1 2025 summary

- Strong strategic, financial and operational progress
- Double digit revenue and profit growth
- Further operating margin improvement
- Diluted EPS and interim dividend growth of 20%
- Strong cash conversion over a rolling 3-year period

## FY 2025 outlook

- Order book of £42.1m of which £31.4m is for delivery in H2 2025
- We are assessing the direct and indirect impacts of tariffs and will keep the situation and our response under review
- Direct exposure likely to be limited, but possible indirect effects, such as inflationary pressures, will be mitigated, where possible, through price increases
- The Group is geographically diversified and supplies market-leading products which are critical to our customers' future success
- Whilst mindful of potential short-term macroeconomic disruption, the Board expects adjusted operating profit for FY 2025 to be in line with current expectations<sup>1</sup>
- Future growth prospects remain supported by long-term structural and regulatory growth drivers, underpinning our medium-term financial objectives<sup>2</sup>

Operating profit growth

21%

Operating margin

18.6%

3 year rolling average cash conversion

109%

<sup>1</sup> See appendix 6 for current expectations

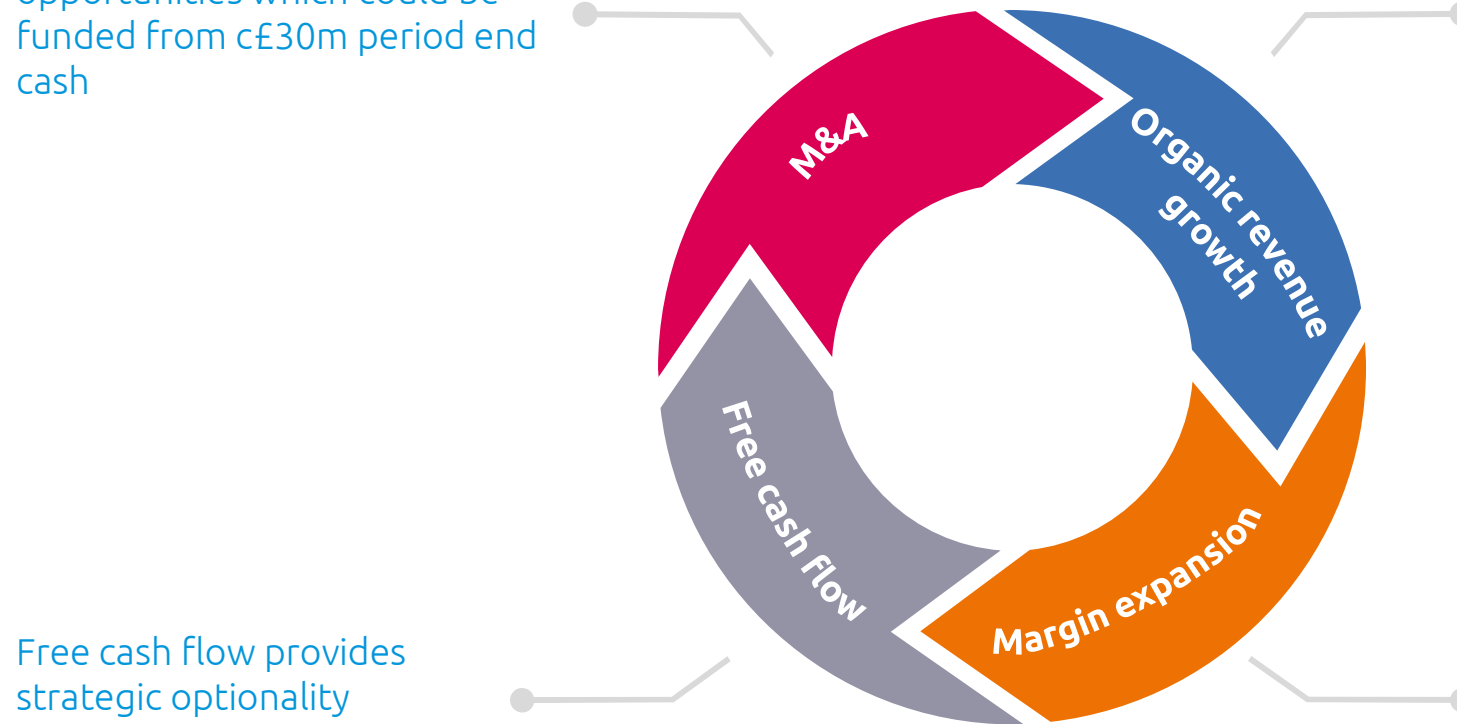
<sup>2</sup> See appendix 1 for medium-term financial objectives

# Summary of growth strategy and value creation

Our ambition is to double revenue and triple operating profit

Good pipeline of acquisition opportunities which could be funded from c£30m period end cash

Long-term structural and regulatory market drivers remain supportive of continued growth



Operational improvement initiatives support margin expansion

# Appendices



# Appendix 1: Medium-term financial assumptions and objectives

## Medium-term targets:

Revenue (CAGR)	Adjusted operating margin
10% organic	>20%
Operating cash conversion	Net debt to EBITDA
100% through cycle	Up to 1.0x

## Other financial guidance:

Capex % of revenue	R&D % of revenue
5% – 6%	Circa 5% (partly customer funded)
FX	Group underlying effective tax rate
10% stronger GBP = -5% revenue and profit	21% – 23%

*This information was first published in our FY 2024 results presentation in November 2024 and is repeated for reference.*



## Appendix 2: Income statement

	H1 2025	H1 2024	Change
Revenue	£58.0m	£52.3m	↑11%
Gross margin	60.2%	58.3%	↑ 190 bps
Adjusted* EBITDA	£12.9m	£10.6m	↑ 22%
Adjusted* operating profit	£10.8m	£8.9m	↑ 21%
Adjusted* operating margin	18.6%	17.0%	↑ 160 bps
Adjusted* tax rate	20%	18%	↑ 200 bps
Adjusted* diluted earnings per share	37.0p	30.9p	↑ 20%
Interim dividend per share	2.80p	2.33p	↑ 20%
Adjusted* cash flow from operations	£9.3m	£11.3m	↓ 18%
Cash conversion**	98%	117%	

\* Before amortisation of acquired intangibles, acquisition related charges and exceptional items

\*\* Cash conversion is calculated over the last 12 months

## Appendix 3: Constant currency

Constant currency analysis	H1 2025 as reported £m	H1 2025 restated at H1 2024 rates £m	H1 2024 £m	Change %
Revenue	58.0	58.9	52.3	+13%
Adjusted operating profit	10.8	11.0	8.9	+24%

Average exchange rate	H1 2025	H1 2024
US dollar	1.28	1.24
Euro	1.20	1.16
Yen	192	184

		Impact of GBP strengthening by 10% on:	
Sensitivity analysis	% of revenue	H1 revenue £m	H1 operating profit £m
US dollar	26%	(1.4)	(0.2)
Euro	23%	(1.2)	(0.1)
Yen	12%	(0.6)	(0.1)
<b>Total</b>	<b>61%</b>	<b>(3.2)</b>	<b>(0.4)</b>

- H2 2025 guidance based on \$1.28, €1.20, ¥192

## Appendix 4: Alternative performance measures

	Profit impact		Cash flow impact	
	H1 2025 £m	H1 2024 £m	H1 2025 £m	H1 2024 £m
Amortisation of acquired intangibles	3.1	3.0	—	—
Acquisition related costs	0.5	0.1	0.5	—
ERP development costs	0.5	0.3	0.5	0.3
Acquisition related finance costs	0.3	0.3	—	—
<b>Total adjustments</b>	<b>4.4</b>	<b>3.7</b>	<b>1.0</b>	<b>0.3</b>

## Appendix 5: Balance sheet

	H1 2025 £m	H1 2024 £m
Goodwill and intangibles	81.5	69.3
Property, plant and equipment	32.8	28.9
<b>Fixed assets</b>	<b>114.3</b>	<b>98.2</b>
Working capital	7.7	6.9
Assets held for sale	1.9	1.9
Net cash	27.2	29.1
<b>Net current assets</b>	<b>36.8</b>	<b>37.9</b>
Deferred tax liabilities	(7.9)	(8.6)
Contingent consideration	(7.2)	(0.5)
<b>Net assets</b>	<b>136.0</b>	<b>127.0</b>

- Balance sheet remains robust demonstrating the Group's resilience to macroeconomic pressures
- Net cash position allows the Group to focus on its strategy for long-term sustainable growth
- Revolving credit facility increased to £20m during the period. Runs to February 2028, with options to extend for up to a further two years



## Appendix 6: Market consensus

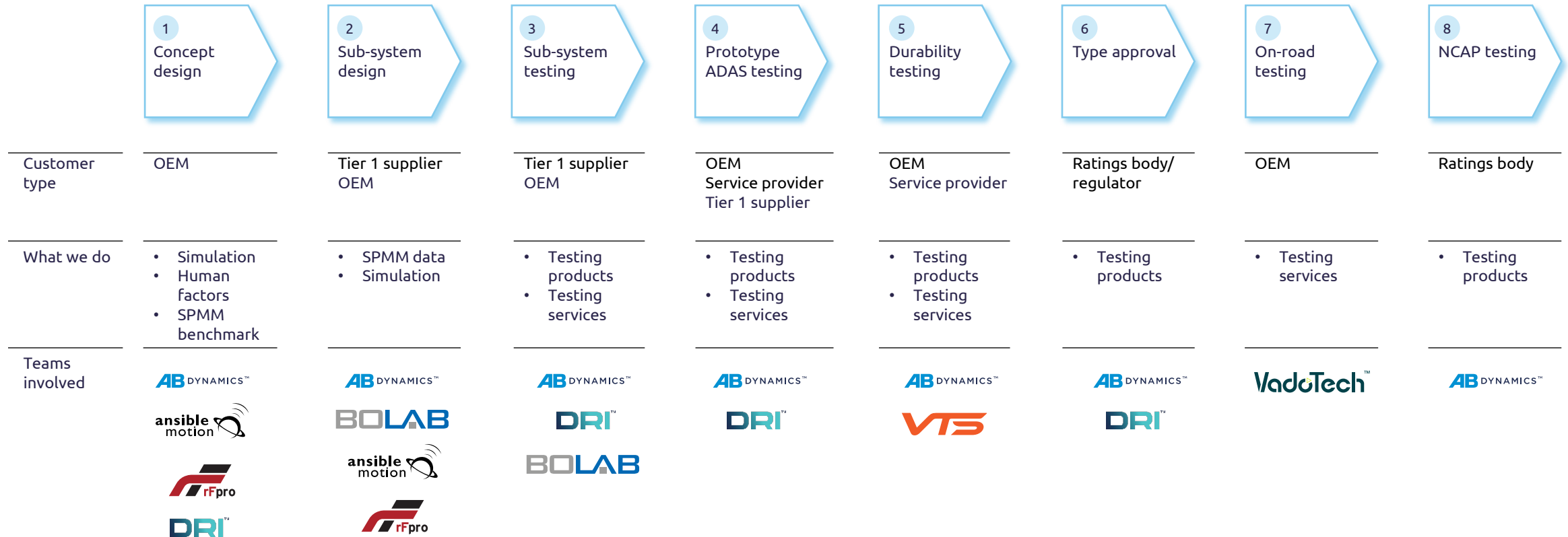
- The Group is aware of eight analysts publishing independent research on the Group
- The Group has compiled consensus data\* from the research it has been made aware of  
The mean is set out below:

	FY 2025	FY 2026	FY 2027
Adjusted operating profit (£m)	22.4	24.4	26.7
Adjusted earnings per share (diluted) (pence)	73.8	79.7	86.7
Gross cash (£m)	32.8	37.3	49.0

*\* Compilation of data only, does not represent the Group's views of projections*

# Appendix 7: Organic growth drivers – high quality long-term customer relationships

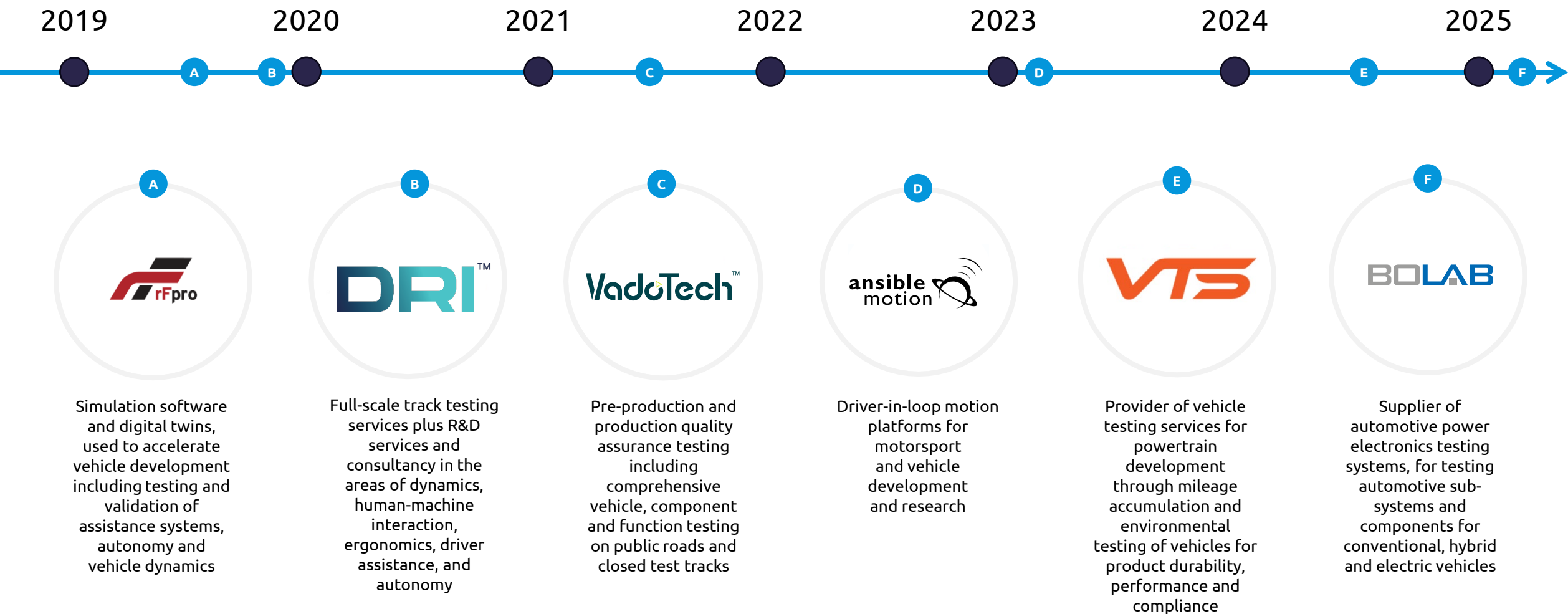
Customer experience with ABD throughout the development cycle from concept design to launch



*This information was first published in our FY 2024 results presentation in November 2024 and is repeated for reference.*

# Appendix 8: Acquisition timeline

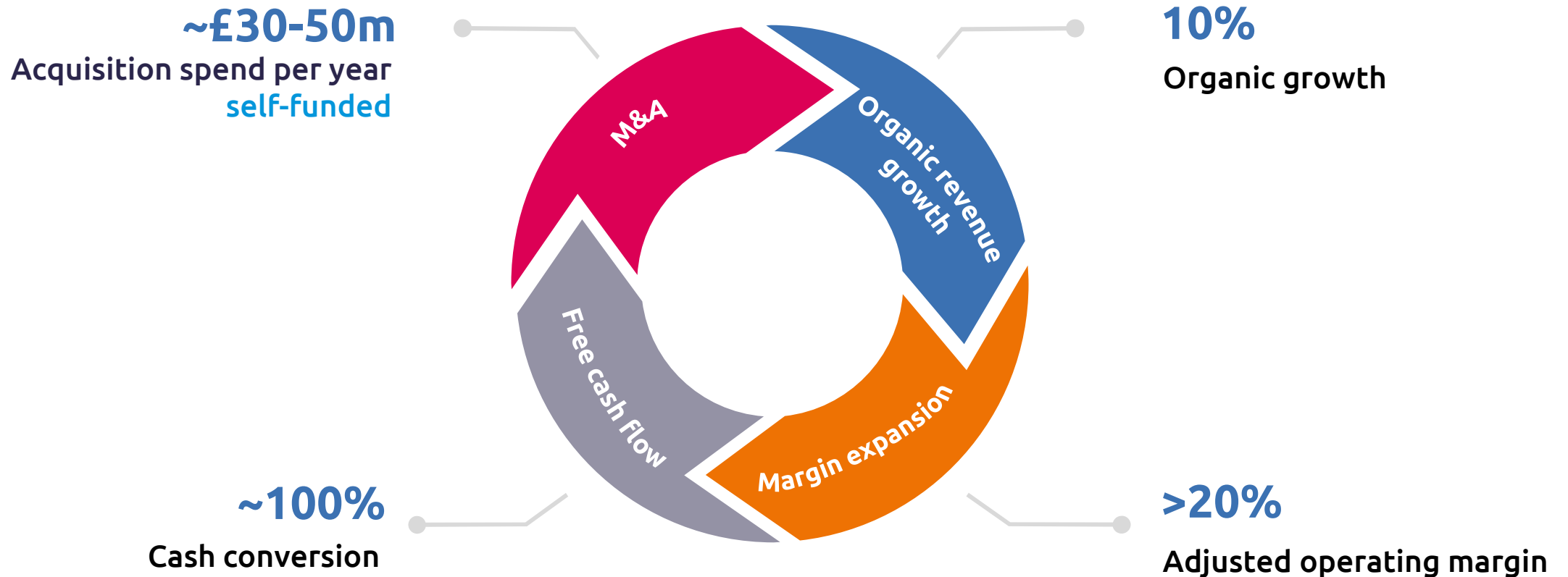
The team is experienced in successfully executing and integrating transactions



*This information was first published in our FY 2024 results presentation in November 2024 and is repeated for reference.*

## Appendix 9: Summary of growth strategy and value creation

Our ambition is to double revenue and triple operating profit



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