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

Simulation:
Advanced Vehicle
Driving Simulator
(aVDS)

Track Test:
Driving Robots
ADAS Targets
Driverless Systems

SIMULATE

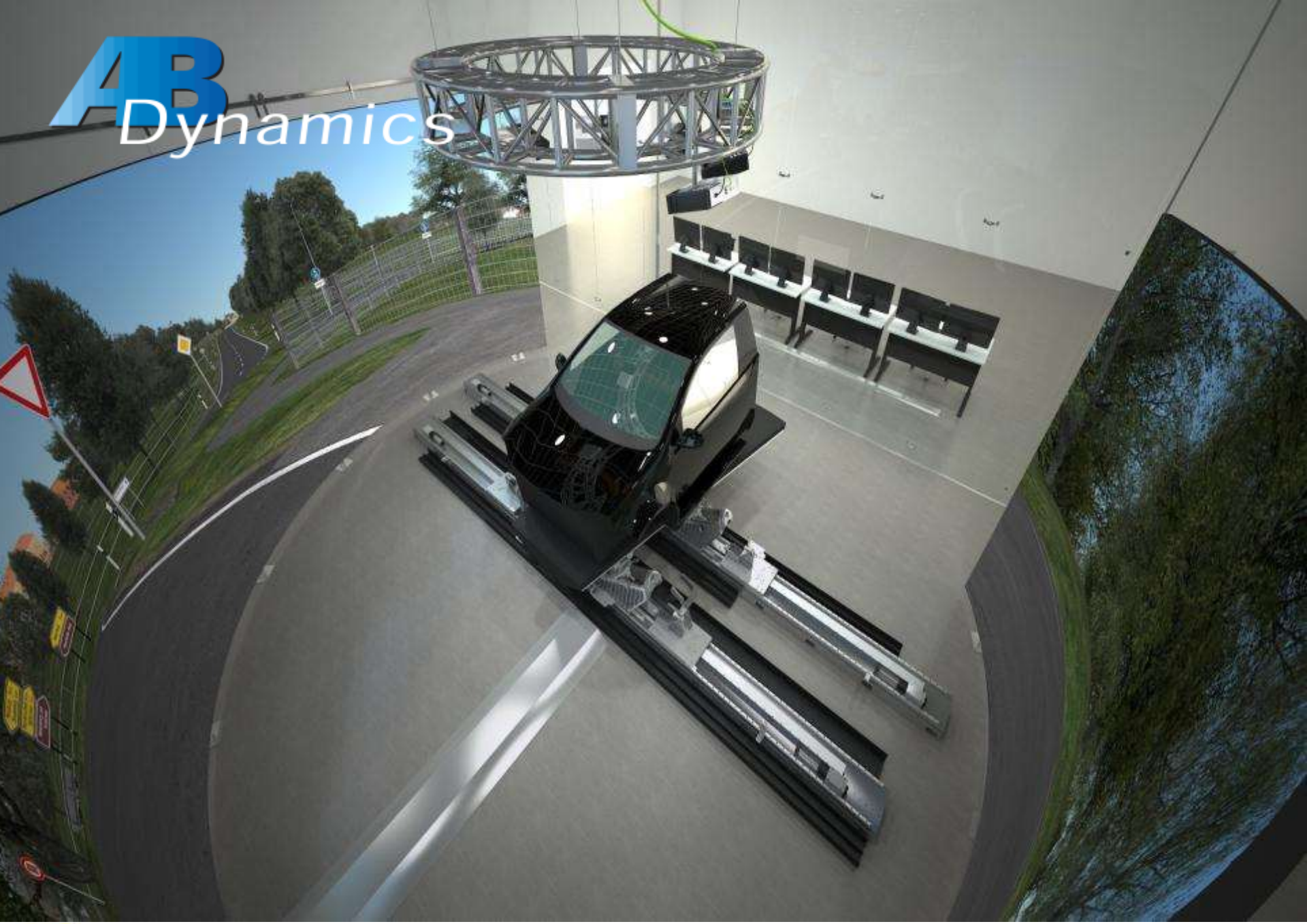
TEST

ABDynamics

A SYNERGY OF SOLUTIONS
FOR VEHICLE DEVELOPMENT

MEASURE

Measurement:
K&C - SPMM5000
Inertia - MIMS
Steering - SSTM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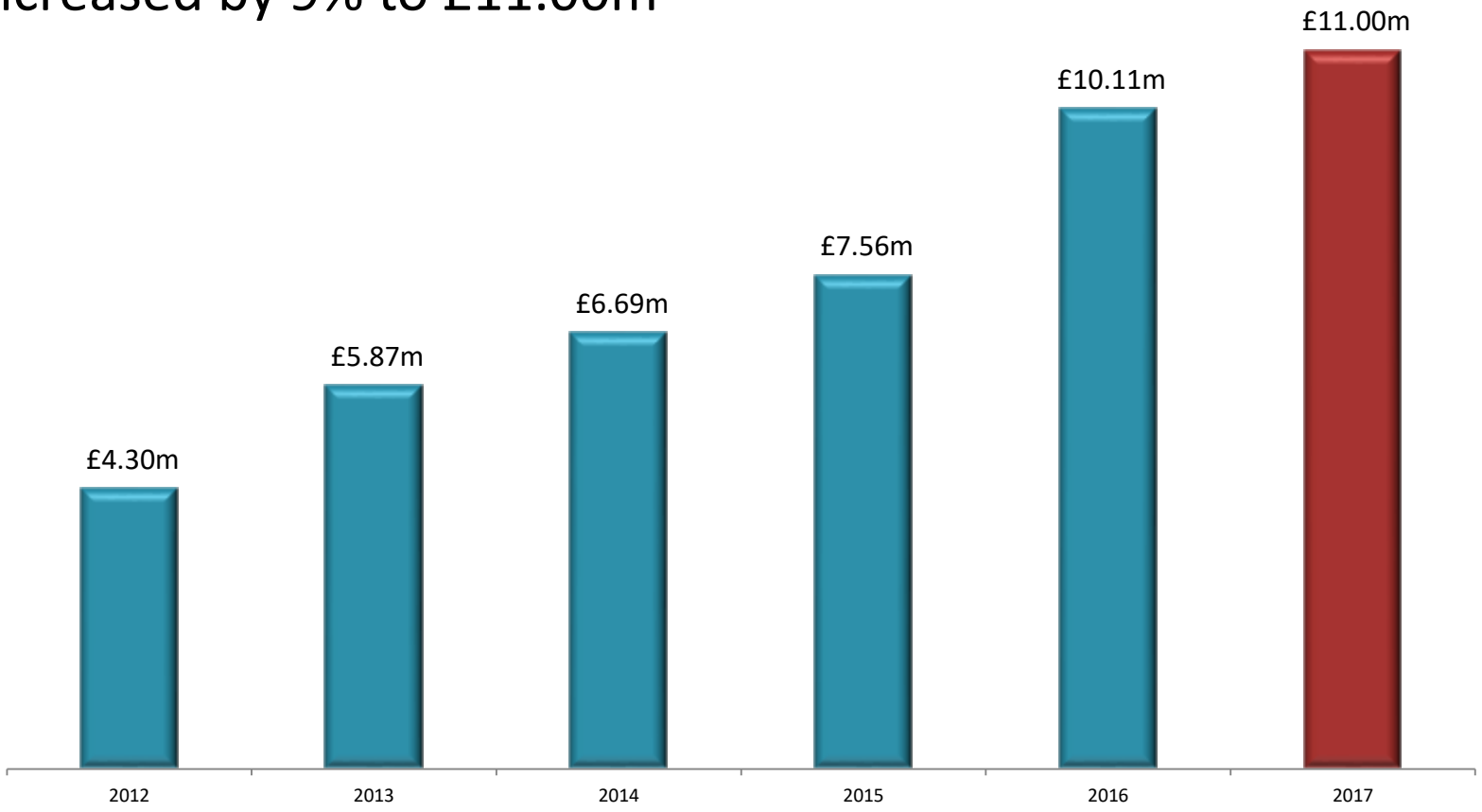
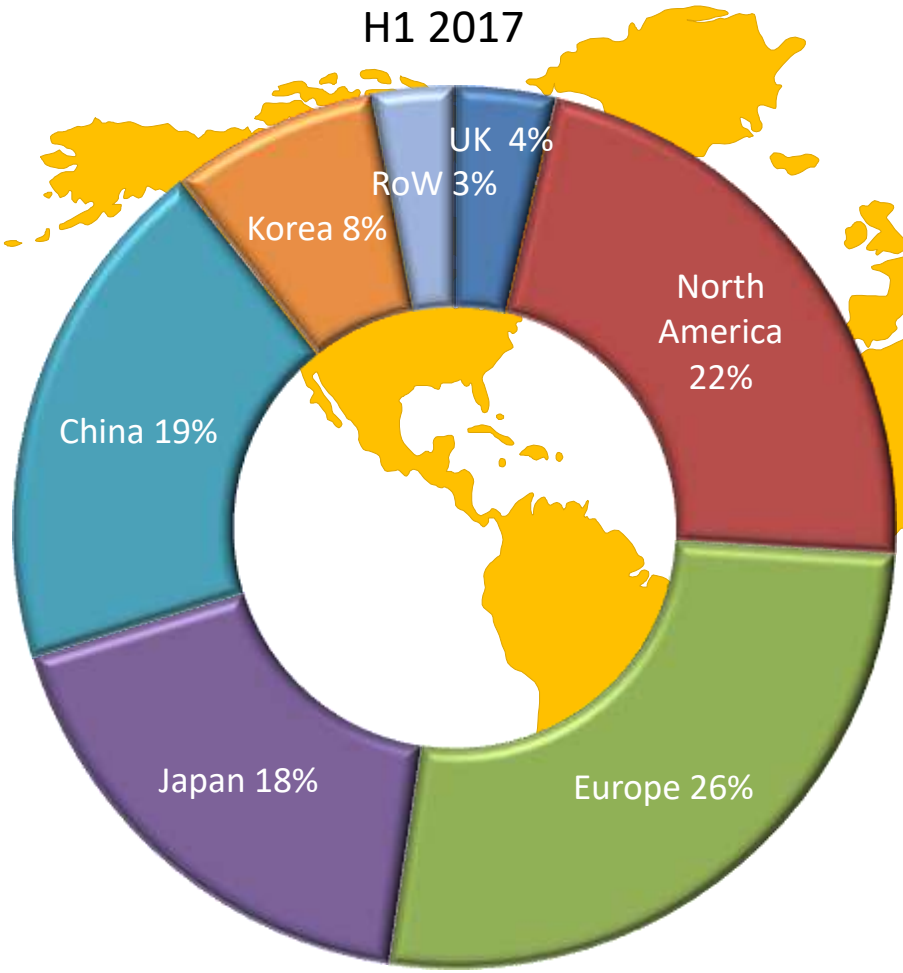
Revenue

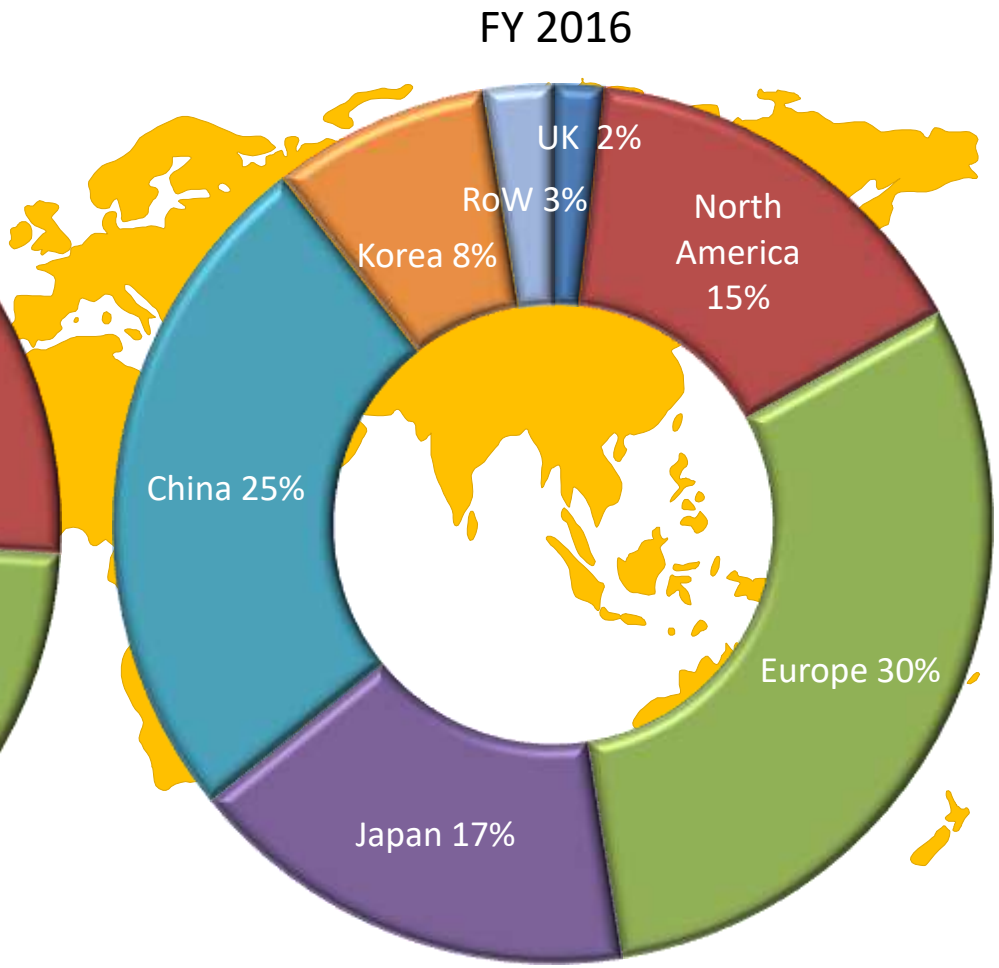
Revenue for the six months to 28 February 2017 increased by 9% to £11.00m



Analysis of Revenue

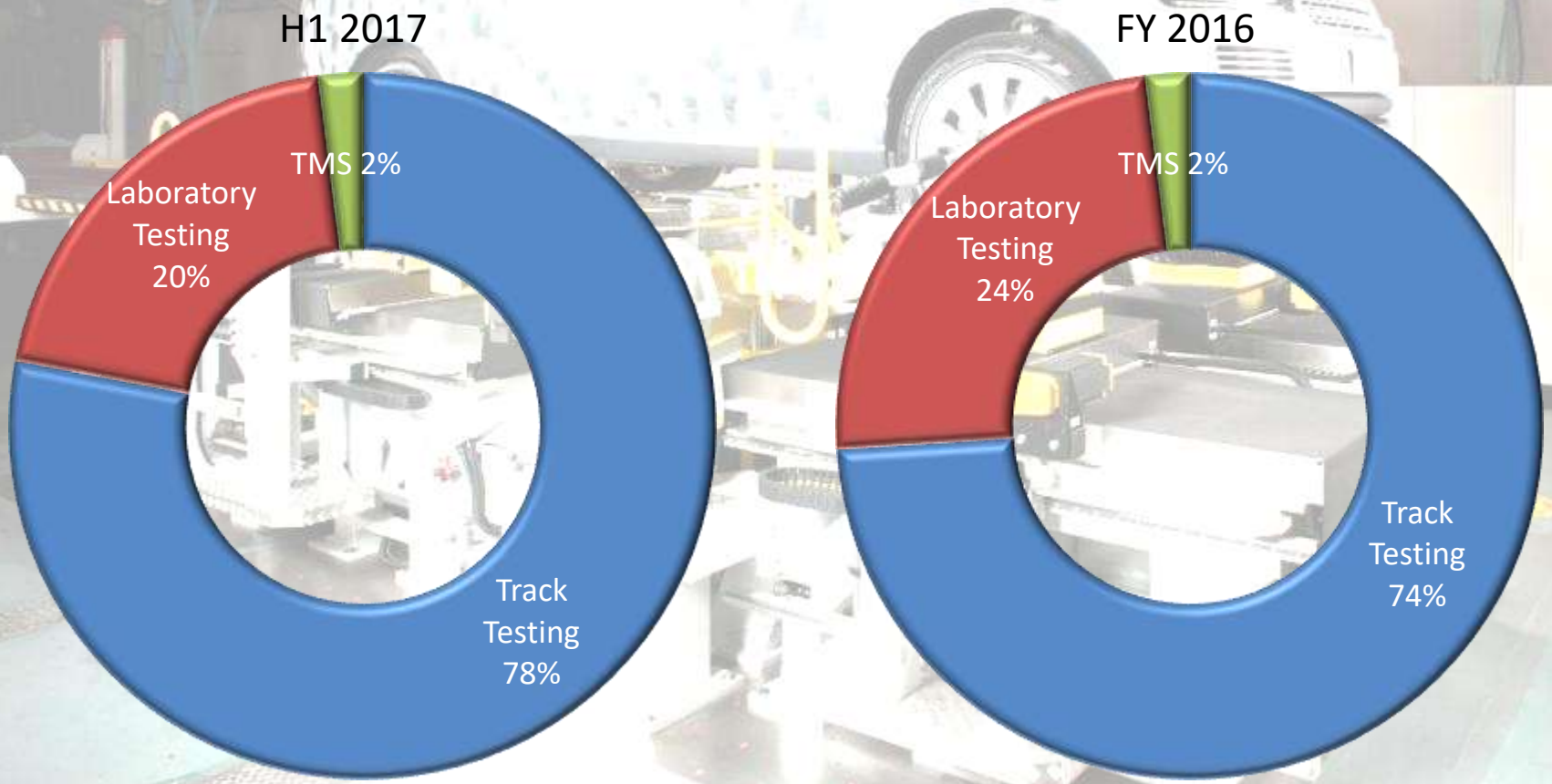
…..by Geographical Area £11.00m





Analysis of Revenue

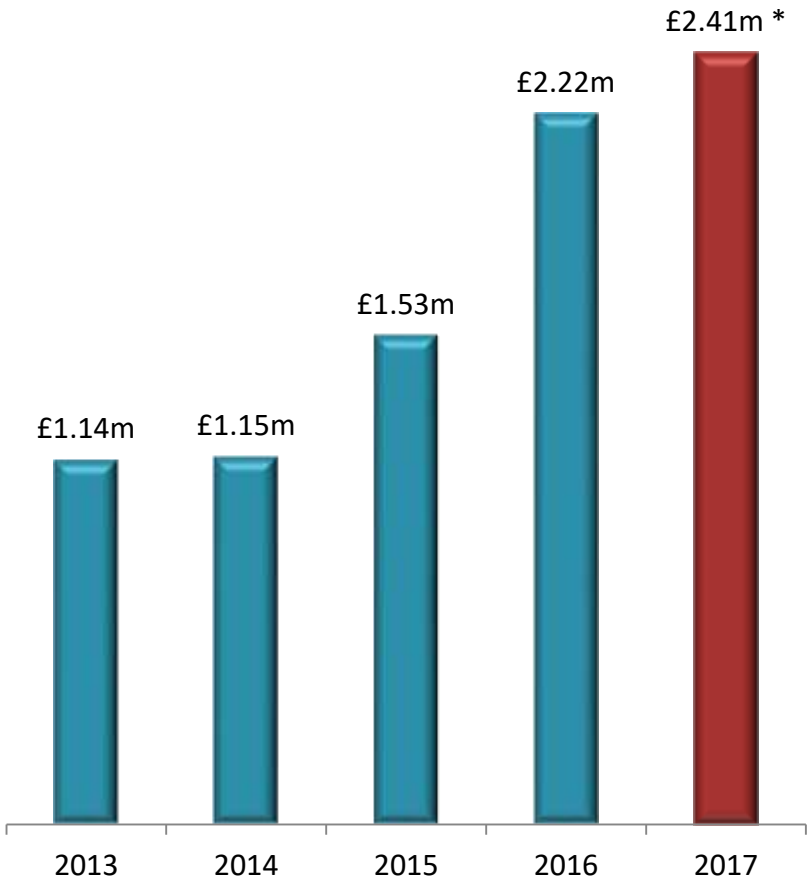
.....by Product Area %



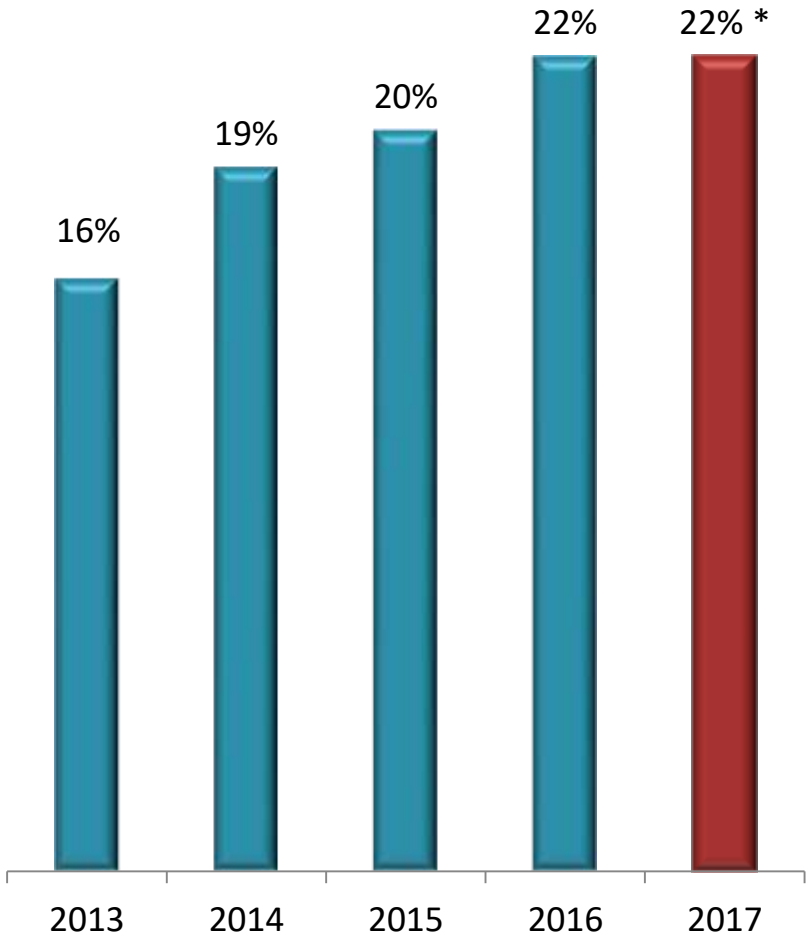
Operating Profit

Six months to 28 February 2017

*Excluding Share Option costs



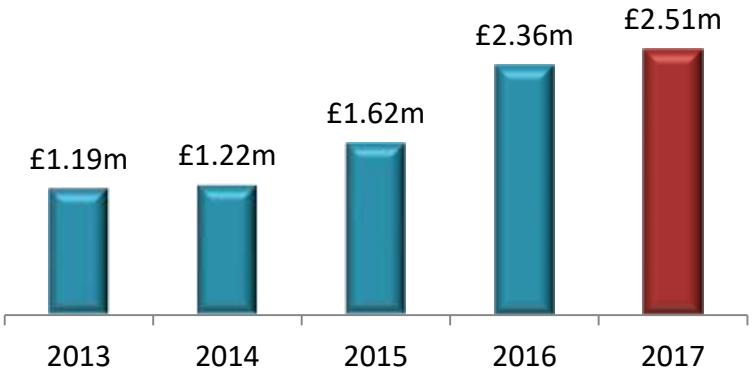
Operating profit increased 9%



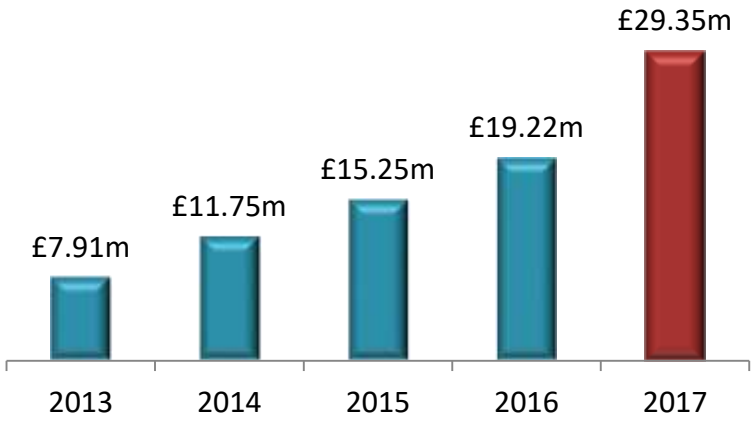
Operating profit margin remained at 22% *

Interim Financials

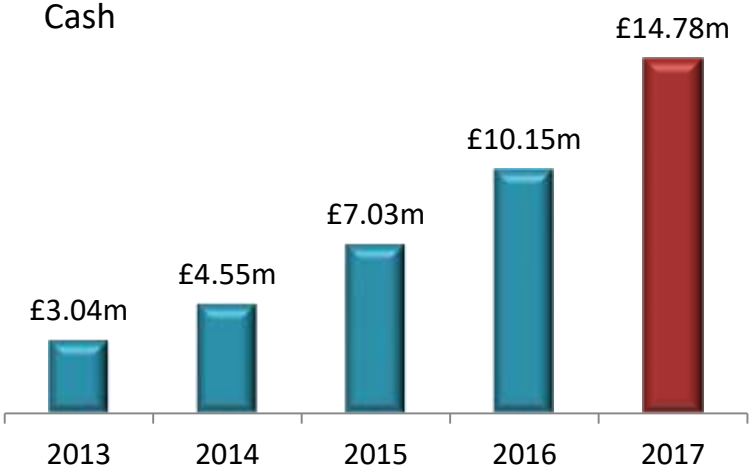
Operating cash flow
(before working capital changes)



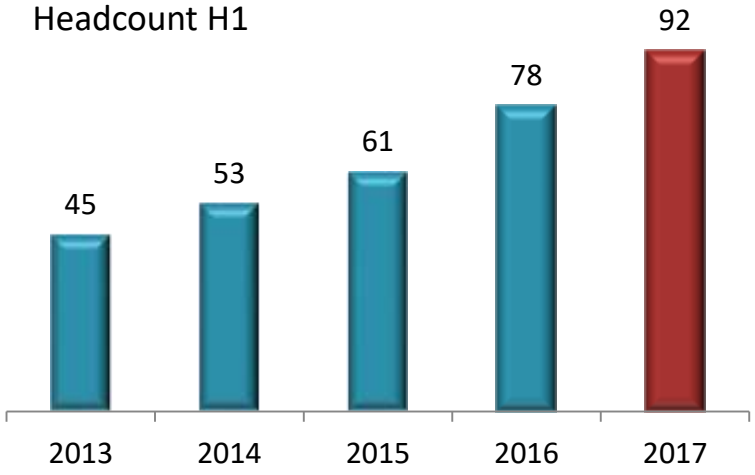
Total assets increased 53%



Cash



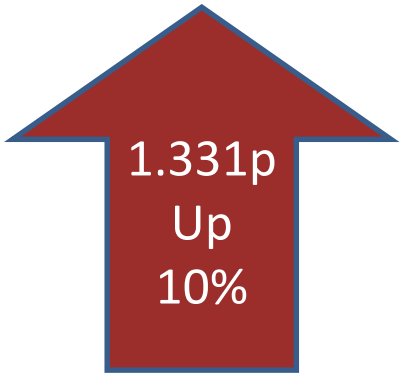
Headcount H1

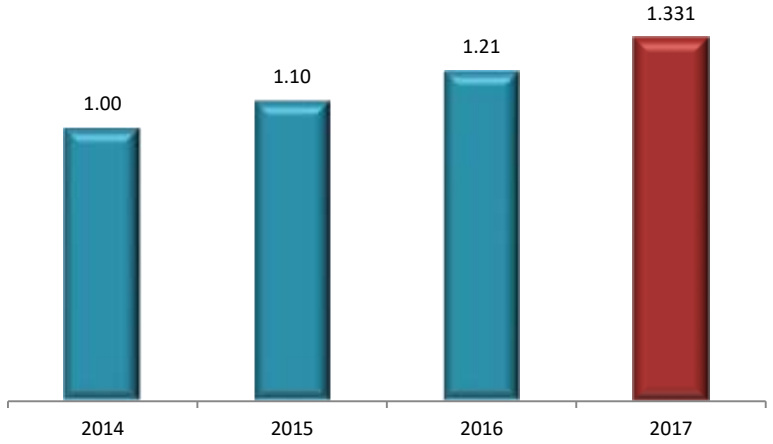


EPS and Dividend

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

	Notes	Unaudited 6 months ended 28 February 2017 £	Unaudited 6 months ended 29 February 2016 £	Audited Year ended 31 August 2016 £
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)
Operating profit		**1,608,747**	**2,217,432**	**4,378,677**
Net finance income and (costs)		43,010	45,084	72,643
Profit before taxation		**1,651,757**	**2,262,516**	**4,451,320**
Income tax expense		(430,923)	(437,837)	(576,935)
Profit after taxation and total comprehensive income for the period		**1,220,834**	**1,824,679**	**3,874,385**
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 £
ASSETS			
NON-CURRENT ASSETS			
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
CURRENT ASSETS			
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
TOTAL ASSETS	**29,350,077**	**19,220,193**	**21,334,690**
EQUITY AND LIABILITIES			
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
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AND TOTAL EQUITY	25,222,975	15,302,675	17,516,448
NON-CURRENT LIABILITIES			
Deferred tax liabilities	53,648	-	118,946
CURRENT LIABILITIES			
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
TOTAL LIABILITIES	4,127,102	3,917,518	3,818,242
TOTAL EQUITY AND LIABILITIES	**29,350,077**	**19,220,193**	**21,334,690**

Cash Flow Statement

	Unaudited 6 months ended 28 February 2017 £	Unaudited 6 months ended 29 February 2016 £	Audited Year ended 31 August 2016 £
Cash flow from operating activities			
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
Operating cash flows, before working capital changes	**2,511,901**	**2,359,830**	**4,932,113**
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
Cash flow (used in) / from operations	**1,452,746**	**2,998,312**	**4,622,070**
Interest received	43,010	45,084	72,643
Income tax paid	(188,513)	(241,034)	(568,314)
Net cash flow (used in) / from operating activities	**1,307,243**	**2,802,362**	**4,126,399**
Cash flow used in investing activities			
Purchase of property, plant and equipment	(2,615,723)	(338,271)	(1,608,527)
Sale of property, plant and equipment	-	-	360,748
Net cash flow used in investing activities	**(2,615,723)**	**(338,271)**	**(1,247,779)**
Cash flow used in financing activities			
Dividends paid	(322,426)	(286,017)	(495,763)
Proceeds from issue of share capital, net of share issue costs	6,002,470	-	53,858
Net cash flow from/(used in) financing activities	**5,680,044**	**(286,017)**	**(441,905)**
Net (decrease) / increase in cash and cash equivalents	**4,371,564**	**2,178,074**	**2,436,715**
Cash and cash equivalents at beginning of period	**10,404,523**	**7,967,808**	**7,967,808**
Cash and cash equivalents at end of period	**14,776,087**	**10,145,882**	**10,404,523**

AB Dynamics

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