

DYNAMATIC TECHNOLOGIES LIMITED

Q3 FY2023 **EARNINGS**
PRESENTATION



Hydraulics



Aerospace



Metallurgy





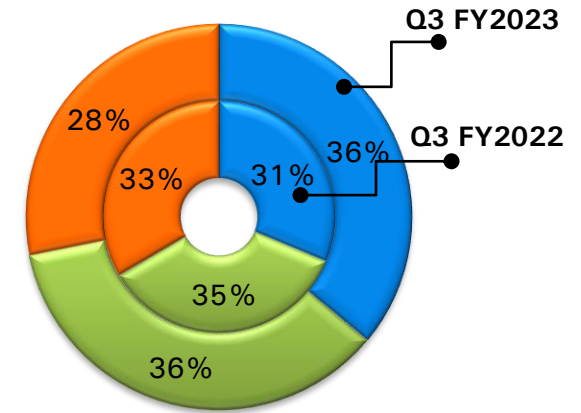
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Q3 FY2023 PERFORMANCE HIGHLIGHTS

Highlights Q3 FY2023 vs. Q3 FY2022

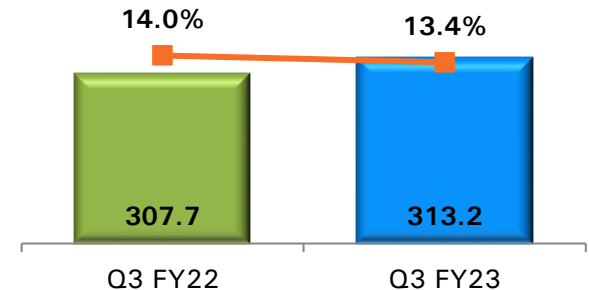
- Revenue of Rs. 313.2 cr; up by 1.8% from Rs. 307.7 cr in Q3 FY22
 - Aerospace segment revenue of Rs. 112.1 cr; up by 17.2% from Rs. 95.6 cr
 - Hydraulics segment revenue of Rs. 111.4 cr; up by 3.3% from Rs. 107.8 cr
 - Metallurgy segment revenue of Rs. 89.6 cr; down by 12.3% from Rs. 102.2 cr
- EBITDA of Rs. 42.0 cr; down 2.4% from Rs. 43.0 cr in Q3 FY22
 - EBITDA margin of 13.4%; down by 58 bps
- PAT from continuing operations stood at Rs. 7.0 cr from Rs. 8.0 cr in Q3 FY22

Q3 FY2023 Revenue Breakup



■ Aerospace ■ Hydraulics ■ Metallurgy

Revenue (Rs. cr) and EBITDA Margin (%)



Note:

1. Revenue and EBITDA refer to continuing operations
2. Previous quarters Metallurgy segment results restated to make comparable



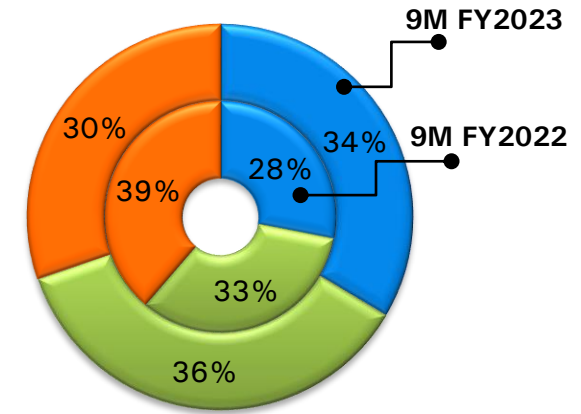
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9M FY2023 PERFORMANCE HIGHLIGHTS

Highlights 9M FY2023 vs. 9M FY2022

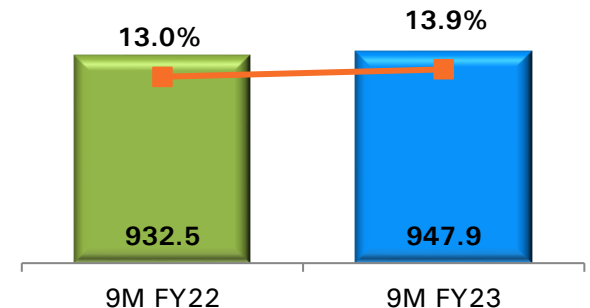
- Revenue of Rs. 947.9 cr; up by 1.7% from Rs. 932.5 cr in 9M FY22
 - Aerospace segment revenue of Rs. 318.0 cr; up by 22.0% from Rs. 260.8 cr
 - Hydraulics segment revenue of Rs. 343.0 cr; up by 10.8% from Rs. 309.6 cr
 - Metallurgy segment revenue of Rs. 286.8 cr; down by 20.3% from Rs. 359.7 cr
- EBITDA of Rs. 131.8 cr; up 8.9% from Rs. 121.0 cr in 9M FY22
 - EBITDA margin of 13.9%; up by 93 bps
- PAT from continuing operations stood at Rs. 25.2 cr from Rs. 17.0 cr in 9M FY22

9M FY2023 Revenue Breakup



■ Aerospace ■ Hydraulics ■ Metallurgy

Revenue (Rs. cr) and EBITDA Margin (%)



Note:

1. Revenue and EBITDA refer to continuing operations
2. Previous quarters Metallurgy segment results restated to make comparable



DYNAMATIC TECHNOLOGIES LIMITED

PERFORMANCE HIGHLIGHTS

Management Commentary

Commenting on the results, Mr. Udayant Malhoutra, CEO and Managing Director said:

With global customers shutting down during mid-December for Christmas vacations, Q3 is predictably slower. The Company reported stable business in Aerospace and Hydraulic segments despite continued supply chain related challenges. Every year, Q4 compensates with strong sales.

Our new campus located next to Bangalore Airport is almost complete, and we will move there in March 2023, bringing large savings in rent.

Dynamatic Manufacturing Limited, a subsidiary of the company, has recently entered into a long-term agreement with Spirit AeroSystems, Belfast, Northern Ireland to manufacture several aerospace detail parts.

Commercial deliveries and ramp-up of parts for F-15EX Eagle and Escape Hatch Doors for Airbus A220 aircraft will commence during the coming quarters and will contribute to the topline and new business opportunities

As communicated earlier, the German Government has announced many protective schemes in order to support companies that have been impacted owing to increased commodity prices and energy crisis prevailing due to geopolitical conditions. Accordingly, Eisenwerk Erla GmbH, has undertaken business restructuring process and is currently in the process of negotiating revised pricing, terms and conditions with customers, bankers and vendors favourable to the business operations that paves new business opportunities in Aerospace and defence segment.

The Board of Directors approved preferential allotment of equity shares to non-promoter persons. The proceeds of the said preferential allotment alongside divestment proceeds from Windfarm land shall primarily be utilized towards prepayment of debt and optimizing the balance sheet.

DYNAMATIC TECHNOLOGIES LIMITED



FINANCIAL PERFORMANCE SUMMARY

Consolidated Performance Highlights (Continuing Operations)

Rs. crore	Q3		y-o-y Growth (%)	Q2	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY23	FY22		FY23		FY23	FY22	
Revenue	313.2	307.7	1.8%	323.7	(3.2)%	947.9	932.5	1.7%
EBITDA	42.0	43.0	(2.4)%	47.6	(11.8)%	131.8	121.0	8.9%
Margin (%)	13.4%	14.0%		14.7%		13.9%	13.0%	
PBT	7.2	10.4	(31.3)%	13.4	(46.5)%	30.3	24.9	21.8%
PAT From Continuing Operations	7.0	8.0	(12.5)%	10.0	(30.1)%	25.2	17.0	48.1%
Margin (%)	2.2%	2.6%		3.1%		2.7%	1.8%	
EPS for Continuing Operations (Rs.)	11.07	12.65	(12.5)%	15.84	(30.1)%	39.79	26.88	48.0%
Consolidated PAT	7.0	8.0	(12.5)%	10.0	(30.1)%	25.2	0.5	nm
Margin (%)	2.2%	2.6%		3.1%		2.7%	0.05%	

- The revenue in Q3 FY2023 increased by 1.8% on a y-o-y basis despite continued supply chain disruptions and non-availability certain input materials.
- Hydraulics segment revenue increased by 3.3%, Aerospace segment revenue up by 17.2%, while Metallurgy segment down by 12.3% on a y-o-y basis
- EBITDA decreased by 2.4% y-o-y with margin of 13.4%
- PAT from continuing operations stood at Rs. 7.0 cr from Rs. 8.0 cr in Q3 FY22 due to increase in interest cost



PERFORMANCE HIGHLIGHTS

Foreign Exchange Fluctuation

Exchange Rate	Q3 FY2023	Q2 FY2023	Q3 FY2022	Q3 FY2023 vs. Q2 FY2023		Q3 FY2023 vs. Q3 FY2022	
				Impact	Impact %	Impact	Impact %
EURO vs. INR	82.11	81.22	87.34	0.89	1.1%	(5.23)	(6.0)%
GBP vs. INR	95.73	95.37	102.11	0.37	0.4%	(6.38)	(6.2)%
USD vs. INR	79.78	78.49	74.27	1.28	1.6%	5.51	7.4%

Impact due to change in average exchange rates (Y-o-Y)

Particulars	Q3 FY2023 vs. Q3 FY2022				Q3 FY2023 vs. Q2 FY2023			
	Erla	DL UK	DTL	Total Impact	Erla	DL UK	DTL	Total Impact
<i>Currency</i>	EURO	GBP/ USD	EURO/GBP/USD		EURO	GBP/ USD	EURO/GBP/USD	
Revenue (Rs. cr)	(5.57)	(5.68)	2.31	(8.94)	0.95	0.33	0.92	2.20
EBITDA (Rs. cr)	0.13	(0.64)	1.39	0.88	(0.02)	0.04	0.55	0.56

- On a constant currency basis, Q3 FY2023 revenue, if adjusted for a foreign exchange impact of Rs. 8.94 cr would be Rs. 322.2 cr (representing a gain of 4.7% compared to a gain of 1.8% before adjustment)
- On a constant currency basis, Q3 FY2023 EBITDA, if adjusted for a foreign exchange impact of Rs. 0.88 cr would be Rs. 41.1 cr (compared to Rs. 42.0 cr before adjustment)
- The Company has exposure to EUR, GBP and USD. The impact from USD transactions were favorable on a Y-o-Y basis

DYNAMATIC TECHNOLOGIES LIMITED



AEROSPACE SEGMENT

Financial Overview

Rs. crore	Q3		y-o-y Growth (%)	Q2 FY23	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY23	FY22				FY23	FY22	
Revenue	112.1	95.6	17.2%	109.4	2.4%	318.0	260.8	22.0%
EBITDA	29.7	30.1	(1.4)%	30.6	(3.0)%	86.9	72.9	19.1%
Margin (%)	26.5%	31.5%		28.0%		27.3%	28.0%	

Performance Overview

- Indian aerospace industry witnessed moderate growth supported by improvement in order execution and delivery
- The aerospace segment reported a growth of 17.2% y-o-y driven by resilient performance of air transport industry.
- **Outlook:** Commercial deliveries and ramp-up of parts for F-15EX Eagle and Escape Hatch Doors for Airbus A220 aircraft will start from coming quarters and which will contribute to the topline and new business opportunities
- A strong order book by major aircraft producers will drive both defense and commercial demand once global supply chain issues are resolved
- **Strategy:** Focus on sheet metal and detailed products to enhance margin levels.

DYNAMATIC TECHNOLOGIES LIMITED



HYDRAULICS SEGMENT

Financial Overview

Rs. crore	Q3		y-o-y Growth (%)	Q2 FY23	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY23	FY22				FY23	FY22	
Revenue	111.4	107.8	3.3%	121.0	(7.9)%	343.0	309.6	10.8%
EBITDA	21.3	18.5	14.6%	24.4	(12.7)%	65.9	50.0	31.7%
Margin (%)	19.1%	17.2%		20.1%		19.2%	16.2%	

Performance Overview

- Hydraulics segment remained stable in Q3 FY2023, with improved economic activities across sectors. Similarly, growth in Hydraulics segment was also driven by the growth in infrastructure and favorable government reforms in the Indian agriculture sector
- **Outlook:** The tractor industry is expected to record strong demand from agriculture sector on the back of positive demand expectation supported by normal monsoon forecast
- **Strategy:** Focus on increasing market share and improving efficiencies. Furthermore, the company will focus on developing new Agri tractors and construction equipment to increase its wallet share

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METALLURGY SEGMENT

Financial Overview

Rs. crore	Q3		y-o-y Growth (%)	Q2 FY23	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY23	FY22				FY23	FY22	
Revenue	89.6	102.2	(12.3)%	93.3	(3.9)%	286.8	359.7	(20.3)%
EBITDA	(0.2)	1.4	<i>nm</i>	2.0	<i>nm</i>	5.4	15.4	(65.2)%
Margin (%)	(0.2)%	1.4%		2.1%		1.9%	4.3%	

Performance Overview

- Metallurgy segment remained under pressure due to demand shortage and other supply chain challenges.
- **Outlook:** Going forward, the segment performance will be majorly driven by availability of raw material, input commodity prices and cost of financing to end customers
- **Strategy:** Focus on high margin product mix, rationalization of low margin products and develop aerospace castings and forgings in the years to come and drive the business growth further

Note:

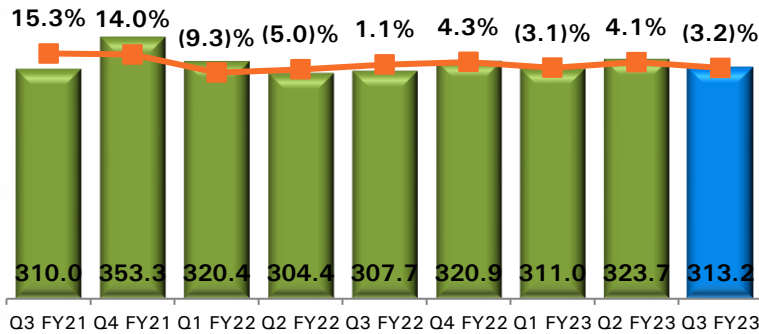
1. Revenue and EBITDA refer to continuing operations
2. Previous years segment results restated to make comparable



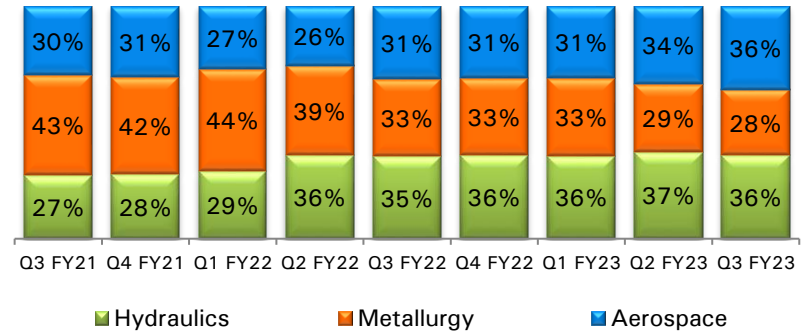
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QUARTERLY FINANCIAL TRENDS

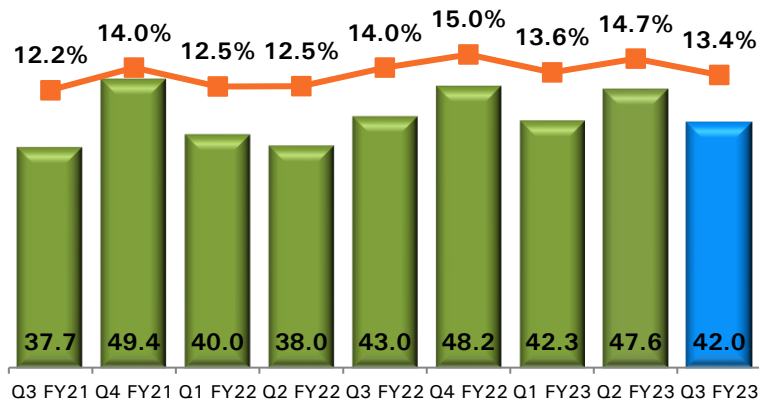
Revenue (Rs. cr) and Growth % (Q-o-Q)



Segment Wise Revenue Contribution



EBITDA (Rs. cr) and Margin (%)



Note:

1. Revenue and EBITDA refer to continuing operations



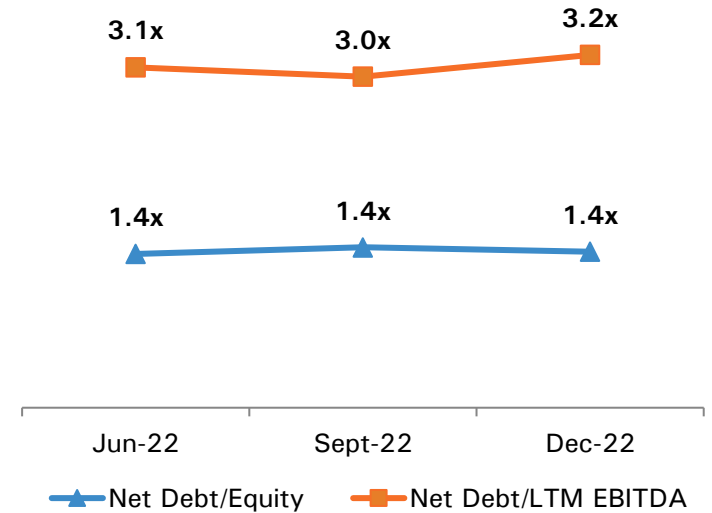
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QUARTERLY FINANCIAL TRENDS

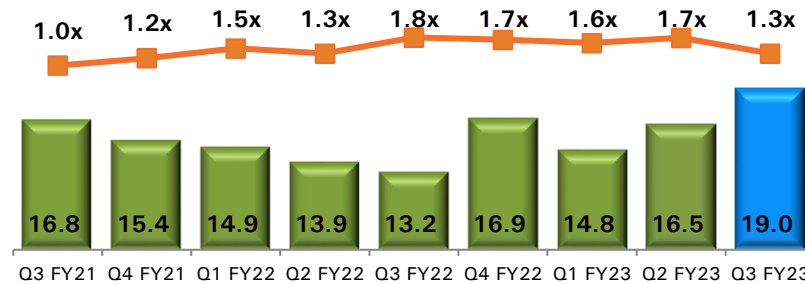
Capital Structure

(Rs. crore)	Mar-22	Jun-22	Sept-22	Dec-22
Long Term	378.1	368.4	350.0	359.0
Short Term	165.4	202.9	221.0	251.0
Total Debt	543.5	571.3	571.0	610.0
Less: Cash & Cash Equivalents	39.7	44.5	30.0	37.0
Net Debt	503.8	526.8	541.0	573.0
Add: Lease Liabilities	143.0	141.4	134.0	136.0
Overall Debt	646.8	668.2	675.0	709.0
Net Worth	381.4	379.7	374.0	406.8
LTM EBITDA	169.2	171.5	181.1	180.0

Net Debt/LTM EBITDA & Debt/Equity (x)



Interest Expense (Rs. cr) & Interest Coverage (x)



Note:

1. Interest Coverage ratio = Operating Profit / Interest Expense
2. LTM EBITDA refers to EBITDA from continuing operations



DYNAMATIC TECHNOLOGIES LIMITED

DYNAMATIC OVERVIEW

Diversified business

- A combination of stable and high growth businesses with highly engineered products for the automotive, hydraulic and aerospace industries
- Successful track record of enhancing manufacturing capabilities through R&D and selective acquisitions

Competitive market position

- One of the world's largest manufacturers of hydraulic gear pumps; leadership in hydraulic gear pumps market for over 45 years
- Has 75% share of the Indian organized tractor market, supplies to almost all OEMs in India
- Pioneer and leader in the Indian private sector and the UK for manufacture of high precision airframe structures and aerospace components. Tier I supplier to the global aerospace OEMs such as Airbus, Boeing, Bell Helicopters and HAL
- Manufactures high precision, complex metallurgical ferrous castings for performance critical components such as turbochargers and exhaust manifolds and has capabilities to develop complex metallurgical components on single-source basis

Locational advantages

- World-class manufacturing facilities in India, UK and Germany will give the company business advantages in the post-COVID world, as customers look for local deliveries from suppliers



DYNAMATIC TECHNOLOGIES LIMITED

DYNAMATIC OVERVIEW

Vertically Integrated Facilities

- Owns one of the most advanced ferrous foundries in Europe (Germany) capable of manufacturing highly intricate castings
- In-house division for design validation and optimization, analysis and prototypes
- 9 Facilities globally, spread across India (Bangalore and Coimbatore), UK (Swindon, Bristol) and Germany (Schwarzenberg)

R&D and Intellectual Property

- Owns 21 patents for various products in India and internationally
- Has the design IP for all the products manufactured in the Hydraulics segment
- R&D units recognized by Department of Scientific and Industrial Research, Government of India

Blue Chip Customers

- Automotive: BMW, MAN, Daimler, Volkswagen
- Hydraulics: Cummins, Escorts, John Deere, Mahindra & Mahindra, Same Deutz-Fahr
- Aerospace : Airbus, Bell Helicopter, Boeing, GKN Aerospace, HAL, Spirit Aerosystems

Board and Management

- Highly qualified board and management team with significant industry experience
- 4 out of 9 Directors are Independent



DYNAMATIC TECHNOLOGIES LIMITED

DYNAMATIC OVERVIEW

Combination of Stable and High Growth Businesses

AEROSPACE

36% of Q3
FY223 Revenue

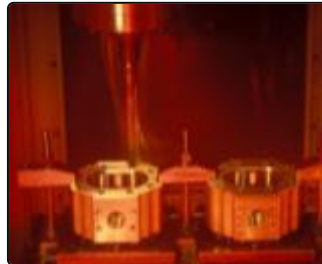


- Wings, rear fuselages, ailerons, wing flaps and major airframe structures
- Ramp structure assembly
- AFT Pylon assembly

- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL

HYDRAULICS

36% of Q3 FY23
Revenue



- Hydraulic valves
- Hydraulic gear pumps
- Combined displacement pump packages
- Fan drive systems
- Fixed displacement pumps

- Cummins
- Eicher
- Escorts
- John Deere
- JCB
- Mahindra & Mahindra
- New Holland
- Same Deutz-Fahr
- Terex
- MacDon

METALLURGY

28% of Q3 FY23
Revenue



- Casting and forging

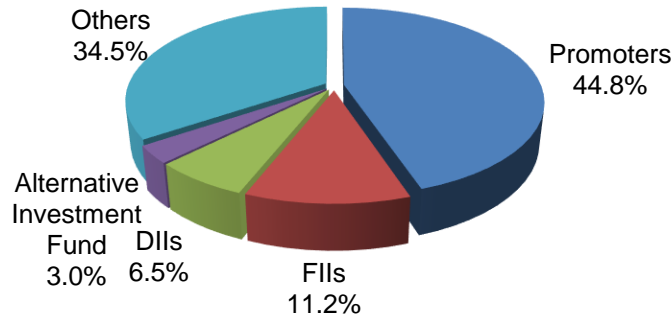
- Audi
- BMW
- Daimler
- IHI
- MAN
- Volkswagen
- BorgWarner
- AGCO



DYNAMATIC TECHNOLOGIES LIMITED

BLUE CHIP INVESTOR BASE

Shareholding Structure



Key Investors

- Samena Capital
- HDFC Mutual Fund
- Alchemy and Group
- Girish Gulati – HUF
- Abakkus Emerging Opportunities Fund
- Madhusudan Kela and Group
- Rohini Nilekani
- Chandravardhan Shah
- Premier Investment Fund Limited

Shareholding Pattern Trend

Shareholders	Mar-22	Jun-22	Sept-22	Dec-22
Promoters	44.8%	44.8%	44.8%	44.8%
FII	10.9%	11.0%	11.1%	11.2%
DII	6.9%	6.8%	6.8%	6.5%
Alternative Investment Fund	2.8%	2.9%	2.9%	3.0%
Others	34.6%	34.4%	34.4%	34.4%
Total	100.0%	100.0%	100.0%	100.0%

Equity History

Year	Event	Year End Equity Capital (Rs. mn)
1974	Initial Public Offering	2.9
1987	Rights Issue	11.2
1992	Rights Issue	21.0
1994	Rights Issue	31.5
1995	Bonus Issue	41.9
2008	Amalgamation	48.1
2008	Qualified Institutional Placement	54.1
2014	Preferential Convertible Warrants	60.4
2014	Qualified Institutional Placement	63.4

DYNAMATIC TECHNOLOGIES LIMITED



FINANCIAL STATEMENTS

Consolidated P&L Statement (Q-o-Q Comparison)

Profit & Loss Statement (Rs. crore)	Q3 FY22	Q2 FY23	Q3 FY23
Continuing Operations:			
Revenues			
Revenue from operations	307.7	323.7	313.2
Expenses	-		
Cost of materials and components consumed	307.7	166.8	157.1
Change in inventory of finished goods and work-in-progress		(13.6)	(7.3)
Employee Benefit Expenses	145.5	65.8	63.6
Other Expenditure	7.0	57.2	58.0
Total expenses excluding D&A	64.9	276.1	271.3
Operating profit (EBITDA)	47.3	47.6	42.0
Depreciation and amortization expenses	264.7	18.6	16.8
EBIT	43.0	29.0	25.2
Other income	19.7	1.0	1.0
Finance costs	23.3	16.5	19.0
PBT	0.3	13.39	7.2
Tax expenses	13.2	3.4	0.2
PAT from continuing operations	10.4	10.0	7.0
EPS for Continuing Operations (Rs.)	12.65	15.84	11.07
Discontinued operations:	8.0	-	-
Profit /(Loss) from discontinued operations	0.0	-	-
PAT	8.0	10.0	7.0
EPS from Continuing and Discontinued Operations (Rs)	12.65	15.84	11.07
Margins (%)			
Gross margins	50.4%	52.7%	52.2%
EBITDA margins	14.0%	14.7%	13.4%
PAT margins	2.6%	3.1%	2.2%
Y-o-Y growth (%)			
Total revenues	(0.7)%	6.4%	1.8%
EBITDA	13.9%	25.1%	(2.4)%
PAT	603.5%	212.8%	(12.5)%



DYNAMATIC TECHNOLOGIES LIMITED

IMPORTANT NOTICE

This presentation contains statements that contain 'forward looking statements' including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Dynamatic Technologies' ('Dynamatic' or the 'Company') future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

Dynamatic undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.



DYNAMATIC TECHNOLOGIES LIMITED

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