

DYNAMATIC TECHNOLOGIES LIMITED

Q1 FY2019 **EARNINGS**
PRESENTATION



HYDRAULICS



AEROSPACE & DEFENCE



AUTOMOTIVE



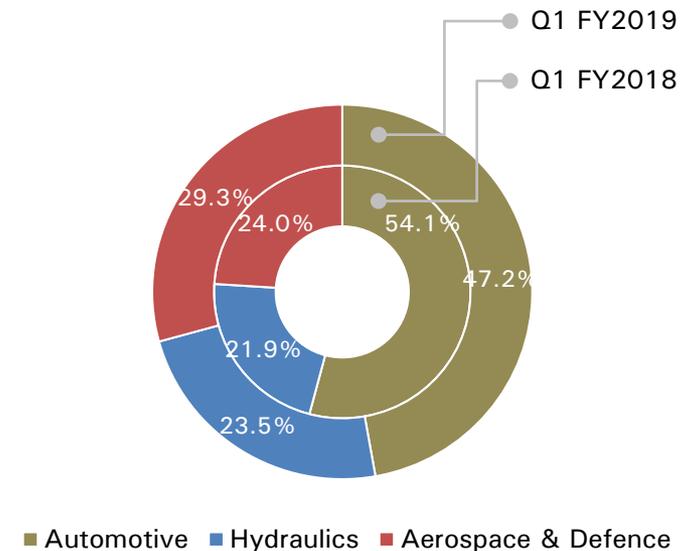


Q1 FY2019 PERFORMANCE HIGHLIGHTS

Highlights Q1 FY19 vs. Q1 FY18

- Net Revenue of Rs. 3,790 mn; up 28.1% from Rs. 2,958 mn in Q1 FY18
 - Aerospace & Defence segment revenue of Rs. 1,116 mn; up 58.3% from Rs. 705 mn
 - Hydraulics segment revenue of Rs. 884 mn; up 37.5% from Rs. 643 mn
 - Automotive segment revenue (excluding discontinued operations) of Rs. 1,790 mn; up 11.2% from Rs. 1,609 mn
- EBITDA of Rs. 414 mn; up 75.2% from Rs. 236 mn in Q1 FY18
 - EBITDA margin of 10.9%; up 294 bps
- PAT of Rs. 83 mn; compared to a loss of Rs. 54 mn in Q1 FY18

Q1 FY2019 Revenue Breakup





DYNAMATIC TECHNOLOGIES LIMITED

PERFORMANCE HIGHLIGHTS

Management Commentary

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

“Q1 FY2019 financial performance was a result of the strategic initiatives undertaken by the Company over the past few years. During the quarter, the Aerospace & Defence segment delivered a strong top line growth of 58% and correspondingly profitability improved significantly. We continued the ramp up and delivery of our order book.

Hydraulic business segment delivered a strong performance driven by the execution of new orders and is expected to continue the same momentum for the rest of the year. As you are aware that during the last quarter we had received the Board’s and shareholders’ approval for the divestment of the “Automotive and Aluminium Castings” division. This division is now classified as “Discontinued Operations” under the financial statements for Q1 FY2019. Excluding the discontinued operations, our Automotive business reported a robust performance and we expect this to improve further over the quarters to come.

We had an encouraging start to the fiscal year. The improvement in the industry scenario coupled with the strategic initiatives undertaken by the management will drive growth for the company in the future.



FINANCIAL PERFORMANCE SUMMARY

Consolidated Performance Highlights

Rs. Million	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY19	FY18		FY18	
Revenue (Net of Excise Duty)	3,790	2,958	28.1%	3,720	1.9%
EBITDA	414	236	75.2%	478	(13.3)%
Margin (%)	10.9%	8.0%		12.8%	
Profit Before Tax (PBT)	146	(38)	nm	182	(19.9)%
Profit After Tax (PAT)	83	(54)	nm	124.4	(33.1)%
Margin (%)	2.2%	(1.8)%		n/a	
Basic EPS (Rs.)	13.12	(8.49)	nm	19.62	(33.1)%

- Q1 FY2019 revenues from Aerospace & Defence and Hydraulics segments increased by 58.3% and 37.5%, on a y-o-y basis and 10.5% & 1.9% on a q-o-q basis, respectively.
- Revenues from Automotive segment (excluding the discontinued operations) increased by 12.6% on a y-o-y basis. EBITDA increased by 7.6% as result of low margin product rationalization strategy.
- EBITDA for Aerospace & Defence and Hydraulics segments increased by 110.3% and 34.1% respectively on y-o-y basis, driven by strong order book execution.
- Q1 FY2019 overall EBITDA increased by a strong 75.2% y-o-y with margin expansion of 294 bps to 10.9% driven by facilities ramp up and resource optimization.



PERFORMANCE HIGHLIGHTS

Foreign Exchange Fluctuation

Exchange Rate	Q1 FY2019	Q1 FY2018	Impact	Impact %	Q4 FY2018	Impact	Impact %
EURO vs. INR	79.86	71.02	8.83	12.4%	75.42	4.43	5.9%
GBP vs. INR	91.16	82.47	8.69	10.5%	85.47	5.68	6.6%
USD vs. INR	67.04	64.46	2.59	4.0%	64.45	2.59	4.0%

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

Particulars	Q1 FY2019 vs. Q1 FY2018				Q1 FY2019 vs. Q4 FY2018			
	Erla	DL UK	DTL	Total Impact	Erla	DL UK	DTL	Total Impact
<i>Currency</i>	EURO	GBP	USD & GBP		EURO	GBP	USD & GBP	
Revenue (Rs. mn)	166.3	63.8	40.5	270.6	83.5	41.8	34.7	159.9
EBITDA (Rs. mn)	7.2	3.7	40.5	51.4	3.6	2.4	34.7	40.7

- On a constant currency basis, Q1 FY2019 revenue, if adjusted for a foreign exchange impact of Rs. 270.6 mn would be Rs. 3,519 mn (representing a growth of 19.0% compared to 28.1% before adjustment).
- On a constant currency basis, Q1 FY2018 EBITDA, if adjusted for a foreign exchange impact of Rs. 51.4 mn would be Rs. 363 mn (compared to Rs. 414 mn before adjustment), representing a growth of 53.5%.
- The Company has exposure to EUR, GBP and USD. The impact from transactions denominated in all three currencies was favorable on a Y-o-Y basis.



AEROSPACE AND DEFENCE SEGMENT

Financial Overview

Rs. Million	Q1		y-o-y	Q4	q-o-q
	FY19	FY18	Growth (%)	FY18	Growth (%)
Revenue	1,116	705	58.3%	1,010	10.5%
EBITDA	277	132	110.3%	243	14.3%
Margin (%)	24.8%	18.7%		24.0%	

Performance Overview

- Continuing order book execution led to substantial revenue growth in Q1 FY2019
- Outlook: Strong order book. Volume increase on major programs to drive the growth. Strengthening of supplier eco-system and vertical integration. Focus on increasing operational excellence through Mission Zero concept
- Strategy: Enhancing capability in large aero-structure assemblies, composites and high precision aero-structure design and engineering



HYDRAULICS SEGMENT

Financial Overview

Rs. Million	Q1		y-o-y <i>Growth (%)</i>	Q4	q-o-q <i>Growth (%)</i>
	FY19	FY18		FY18	
Revenue	884	643	37.5%	867	1.9%
EBITDA	78	58	34.1%	122	(35.7)%
Margin (%)	8.9%	9.1%		14.1%	

Performance Overview

- Hydraulics segment continued its strong performance during Q1 FY2019 as both Agri Sector (farm mechanisation - tractors) and construction industry growing at a fast pace globally
- Increase in raw material prices impacted margins adversely. However, negotiations are underway with customers and it is expected to result in price increases in the coming quarters
- Outlook: Tractor production continues to grow due to positive sentiments in both farming sector and construction activities. Tractors are now being used as a multi utility vehicle for haulage and construction activities further driving growth
- Strategy: Growth in farm mechanisation, increase in share of business with OEMs in this sector, addition of new products and expansion of wallet share per tractor. Momentum in new market segment, i.e. off highway vehicles



DYNAMATIC TECHNOLOGIES LIMITED

AUTOMOTIVE SEGMENT

Financial Overview

Rs. Million	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY19	FY18		FY18	
Revenue	1,790	1,609	11.2%	1,843	(2.9)%
EBITDA	65	61	7.6%	133	(50.9)%
Margin (%)	3.6%	3.8%		7.2%	

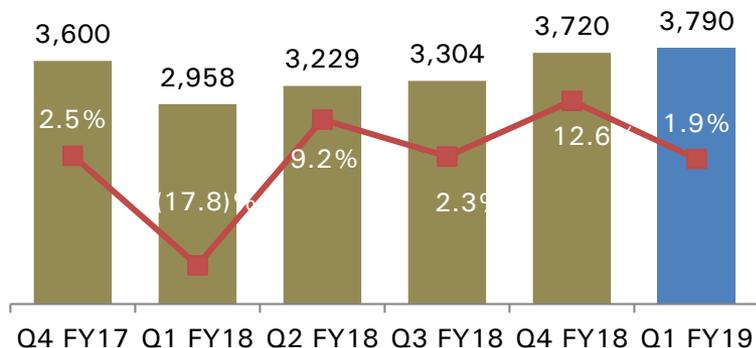
Performance Overview

- With a focus on margin expansion, low margin products rationalization continued during the period. New order execution resulted in topline growth across the business division. However, higher raw material prices impacted the margins on a Q-o-Q basis
- Outlook: Ramp up of new orders in India started during the year, with benefit to be derived from FY2019. Shareholders approval received for the proposed divestment
- Strategy: Focus on high margin product mix, exports, ramp-up of existing products, performance-critical components, customer diversification and capacity utilization

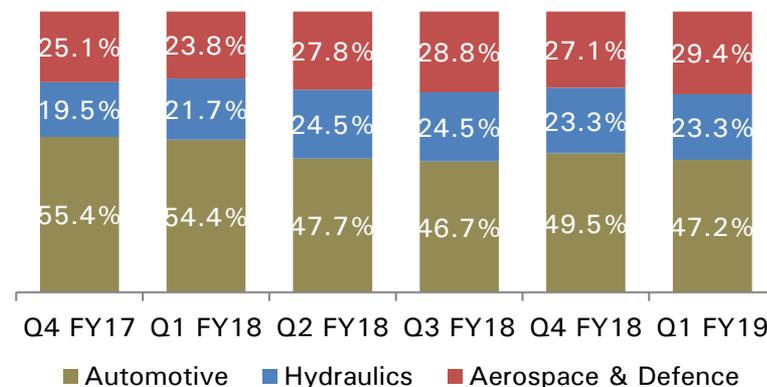


QUARTERLY FINANCIAL TRENDS

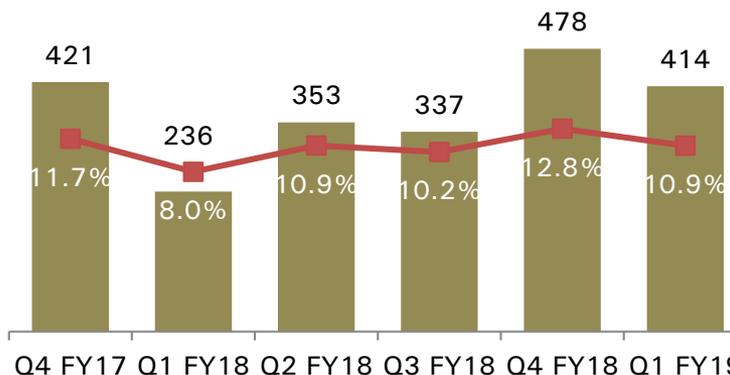
Revenue (Rs. mn) and Growth (Q-o-Q)



Segment Wise Revenue Contribution



EBITDA (Rs. mn) and Margin (%)



Note:

1. Financials for FY19, FY18 and FY17 are Ind-AS based
2. All financials excluding discontinued operations



QUARTERLY FINANCIAL TRENDS

Capital Structure

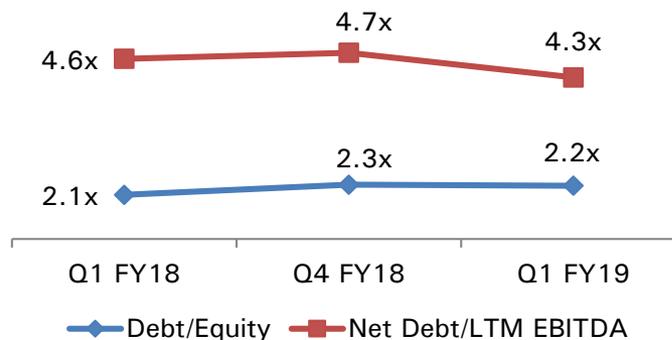
(Rs. million)	Jun 30, 2018	Mar 31, 2018
Long Term Borrowings	4,772	4,893
Short Term Borrowings	2,256	2,209
Total Debt	7,028	7,102
Less: Cash & Cash Equivalents	381	627
Net Debt	6,647	6,475
Net Worth	3,131	3,138

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



Note: Interest Coverage ratio = Operating Profit / Interest Expense

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





DYNAMATIC TECHNOLOGIES LIMITED

DYNAMATIC OVERVIEW

Diversified business

- A combination of stable and high growth businesses with highly engineered products for the automotive, hydraulic, aerospace and defense 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 and automotive turbochargers; leadership in hydraulic gear pumps market for over 35 years
- Has 65% share of the Indian organized tractor market, supplies to almost all OEMs in India
- Pioneer and leader in the Indian private sector 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 and aluminium castings for performance critical components such as turbochargers and exhaust manifolds and has capabilities to develop automotive components on single-source basis

Locational advantages

- Automotive facilities in Chennai, one of India's major automotive hubs and in Germany, a global auto OEM hub
- Aerospace and Defense facilities in Bangalore, headquarters of primary clients and in Bristol, UK's south west aerospace hub



DYNAMATIC OVERVIEW

Vertically Integrated Facilities

- Advanced iron foundry in India and Germany. Also has aluminium foundry in India for captive use
- 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
- Has 11 facilities across India (Bangalore, Chennai, Coimbatore, Nasik), UK (Swindon, Bristol) and Germany (Schwarzenberg)

R&D and Intellectual Property

- Owns 17 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: Audi, BMW, Daimler, Ford, Hyundai, Nissan, Tata Motors, Volkswagen
- Hydraulics: Cummins, Eicher, Escorts, John Deere, Mahindra & Mahindra, New Holland Fiat, Same Deutz-Fahr
- Aerospace and Defence: Airbus, Bell Helicopter, Boeing, GKN Aerospace, HAL, Spirit Aerosystems

Board and Management

- Highly qualified board and management team with significant industry experience
- 3 out of 8 Directors Independent



DYNAMATIC TECHNOLOGIES LIMITED

DYNAMATIC OVERVIEW

Combination of Stable and High Growth Businesses

AUTOMOTIVE

47.2% of Q1
FY19
Revenue

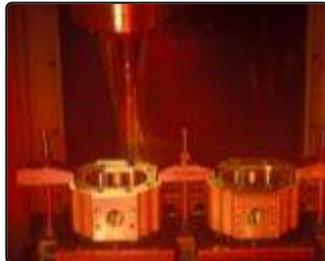


- Ferrous and non-ferrous automotive components including engine, transmission, turbocharger and chassis parts
- Metallurgical ferrous and aluminium castings

- Audi
- BMW
- Daimler
- Ford
- Hyundai
- Nissan
- Tata Motors
- Volkswagen

HYDRAULICS

23.3% of Q1
FY19 Revenue



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

- Cummins
- Eicher
- Escorts
- John Deere
- Mahindra & Mahindra
- New Holland Fiat
- Same Deutz-Fahr

AEROSPACE & DEFENCE

29.4% of Q1
FY19 Revenue



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

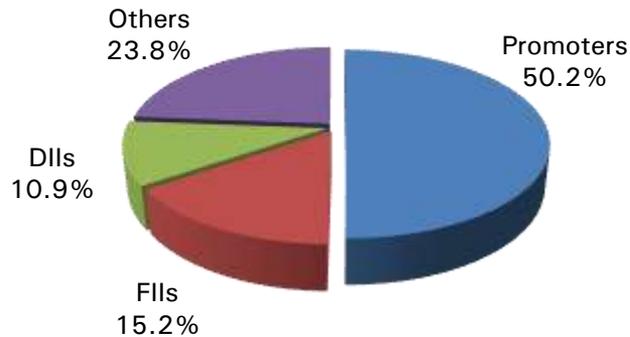
- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL



DYNAMATIC TECHNOLOGIES LIMITED

BLUE CHIP INVESTOR BASE

Shareholding Structure



Key Institutional Investors

- Samena Capital and Citi Group
- HDFC Mutual Fund
- Alchemy and Group
- Goldman Sachs Group
- SBI Mutual Fund
- Mukul Agarwal and Group
- Taiyo Greater India Fund
- Premier Investment Fund
- Cyril Traders

Shareholding Pattern Trend

Shareholders	Dec-17	Mar-18	Jun-18
Promoters	50.2%	50.2%	50.2%
FIIIs	15.0%	15.0%	15.2%
DIIIs	12.2%	10.8%	10.9%
Others	22.6%	24.0%	23.8%
Total	100.0%	100.0%	100.0%

Equity History

Year	Event	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

Income Statement (Y-O-Y and Q-o-Q Comparison)

Profit & Loss Statement (Rs. million)	Q1 FY19	Q4 FY18	Q1 FY18
Revenues			
Net Sales / Income from Operations (Net of Excise Duty)	3,790	3,720	2,958
Other Operating Income	-	-	-
Total Revenues	3,790	3,720	2,958
Expenses			
Cost of Raw Materials Consumed	2,185	1,996	1,613
Changes in Inventories of Finished Goods, WIP and Stock in Trade	(199)	(154)	(106)
Employee Benefit Expenses	646	631	565
Other Expenditure	744	769	651
Total expenses excluding D&A	3,376	3,243	2,722
Operating Profit (EBITDA)	414	478	236
Depreciation and Amortization Expenses	129	108	115
EBIT	285	370	121
Other Income	48	10	23
Finance Costs	187	198	182
PBT - Pre Exceptional	146	182	(38)
Exceptional Item	0	0	0
PBT	146	182	(38)
Tax Expenses	63	58	16
PAT	83	124	(54)
Basic EPS (Rs)	13.12	19.62	(8.49)
Margins (%)			
Gross Margins	47.6%		
EBITDA margins	10.9%		
PAT margins	2.2%		
Y-o-Y Growth (%)			
Total Revenues	28.1%		
EBITDA	75.2%		
PAT	nm		



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Balance Sheet – Assets

Balance Sheet (Rs. million)	Mar-18
Assets	
Non-current assets	
Property, plant and equipment	6,702
Capital work in progress	82
Goodwill	951
Intangible assets	274
Financial assets	
Investments	6
Loans	129
Other financial assets	2
Income tax assets	2
Other non-current assets	48
	8,195
Current assets	
Inventories	2,831
Financial assets	
Trade receivables / sundry debtors	1,861
Cash and cash equivalents	399
Bank balance other than cash	228
Other financial assets	-
Loan	30
Income tax assets (net)	-
Other current assets	646
Total current assets	5,994
Total assets	14,189



FINANCIAL STATEMENTS

Balance Sheet – Liabilities

Balance Sheet (Rs. million)	Mar-18
EQUITY and LIABILITIES	
Shareholders Fund	
Share capital	63
Reserves and surplus	3,075
Money Received against Share Warrants	-
Non-controlling interest (Preference capital)	-
Total Shareholders Fund	3,138
Non-Current Liabilities	
Financial liabilities	
Borrowings	4,287
Other financial liabilities	33
Deferred Tax Liabilities (net)	251
Other Long Term Liabilities	10
Long Term Provisions	167
Total Non-Current Liabilities	4,748
Current Liabilities	
Financial liabilities	
Borrowings	2,209
Trade Payables	2,631
Other Financial Liabilities	1,062
Other Current Liabilities	180
Income Tax Liabilities (net)	113
Short-Term Provisions	108
Total Current Liabilities	6,303
TOTAL EQUITY AND LIABILITIES	14,189



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



DYNAMATIC TECHNOLOGIES LIMITED

CONTACT DETAILS

Mr. Chalapathi P
Chief Financial Officer

Dynamatic Technologies Limited
Dynamatic Park Peenya Industrial Area
Bangalore 560 058 India
T: +91 80 2839 4933 / 34 / 35
F: +91 80 2839 5823
E: chalapathi.p@dynamics.net

Mr. Naveen Chandra
Head – Legal, Compliance & Company Secretary

Dynamatic Technologies Limited
Dynamatic Park Peenya Industrial Area
Bangalore 560 058 India
T: +91 80 2839 4933 / 34 / 35
F: +91 80 2839 5823
E: naveen.c@dynamics.net

www.dynamics.net
CIN: L72200KA1973PLC002308