

DYNAMATIC TECHNOLOGIES LIMITED

Q2 and H1 FY2020 **EARNINGS** PRESENTATION



HYDRAULICS



AEROSPACE & DEFENCE



AUTOMOTIVE



DYNAMATIC TECHNOLOGIES LIMITED

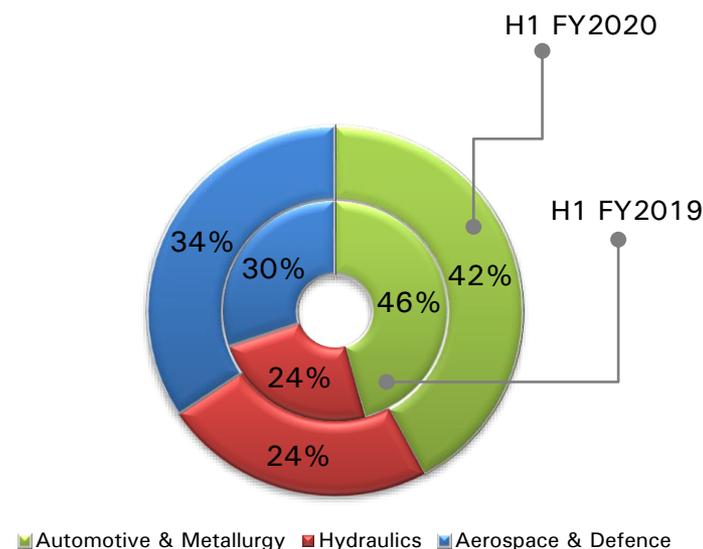


H1 FY2020 PERFORMANCE HIGHLIGHTS

Highlights H1 FY2020 vs. H1 FY2019

- Net Revenue of Rs.6,952 mn; down 7.2% from Rs. 7,489 mn in H1 FY19
 - Aerospace & Defence segment revenue of Rs. 2,388 mn; up 5.7.% from Rs. 2,259 mn
 - Hydraulics segment revenue of Rs. 1,634 mn; down 9.5% from Rs. 1,806 mn
 - Automotive and Metallurgy segment revenue of Rs. 2,930 mn; down by 14.4% from Rs. 3,424 mn
- Adjusted EBITDA of Rs. 794 mn; down 5.5% from Rs. 840 mn in H1 FY19
 - Adjusted EBITDA margin of 11.4%; up 20 bps
- PAT of Rs. 170 mn; up by 4.6% from Rs. 162 mn in H1 FY19

H1 FY2020 Revenue Breakup



Note:

1. The result / numbers are presented excluding Discontinued operations
2. EBITDA adjusted for the impact of IND AS 116 to make it comparable with corresponding period previous year



DYNAMATIC TECHNOLOGIES LIMITED

PERFORMANCE HIGHLIGHTS

Management Commentary

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

“The Aerospace segment’s performance remained robust with increased profitability due to steady delivery of our order book and process improvement initiatives undertaken by the Company. Our Automotive segment was impacted adversely by lower market demand but we were able to sustain margins during the H1 FY2020 due to our focus on cost management, operating efficiencies and product rationalization in the division. Similarly, the Hydraulics segment was also impacted by the overall slowdown.

The last quarter was the hardest we have faced in over two decades, with abrupt demand deceleration and general credit contraction. We stopped deliveries to customers who are unable to pay on time. However our diversified business profile has enabled us to mitigate headwinds to a certain extent. During the first half of FY2020, our revenue declined by 7% but we were able to deliver a higher EBITDA margin at 11.4% compared to the previous year.

We are in the process of getting the Erla, Germany foundry qualified to AS9100 aerospace quality standards during the first half of CY2020. The certification will enable us to start offering castings to the Aerospace industry.

Tight cost controls, without compromising our quality, marketing and product development, in every business will optimize margins and assure business sustainability. Going forward, with focus on adopting new market trends and opportunities, better project/product mix, optimal utilization of assets and prudent capital structure, we are confident of maximizing shareholder value and achieving our business growth aspirations.”

DYNAMATIC TECHNOLOGIES LIMITED



FINANCIAL PERFORMANCE SUMMARY

Consolidated Performance Highlights

Rs. Million	Q2		y-o-y Growth (%)	Q1	q-o-q Growth (%)	H1		y-o-y Growth (%)
	FY20	FY19		FY20		FY20	FY19	
Revenue	3,205	3,699	(13.4)%	3,747	(14.5)%	6,952	7,489	(7.2)%
EBITDA	476	426	11.7%	577	(17.5)%	1,051	840	25.1%
<i>Margin (%)</i>	14.9%	11.5%		15.4%		15.1%	11.2%	
Profit Before Tax (PBT)	88	134	(34.3)%	165	(46.7)%	253	280	(9.5)%
Profit After Tax (PAT)	68	79	(13.7)%	102	(33.1)%	170	162	4.6%
<i>Margin (%)</i>	2.1%	2.1%		2.7%		2.4%	2.2%	
Basic EPS (Rs.)	10.74	12.43	(13.6)%	16.03	(33.0)%	26.77	25.57	4.7%
Adjusted EBITDA	346	426	(18.8)%	450	(23.1)%	794	840	(5.5)%
<i>Margin (%)</i>	10.8%	11.5%		12.0%		11.4%	11.2%	

- H1 FY2020 revenues from the Aerospace & Defense segment increased by 5.7% y-o-y. Automotive and Metallurgy and Hydraulics segments decreased by 14.9% and 9.5%, respectively on a y-o-y basis.
- H1 FY2020 overall EBITDA increased by 25.1% y-o-y with margin of 15.1%.
- Adjusted for the above, EBITDA for Q2 FY2020 would have been Rs. 346 million, a decrease of 18.8% y-o-y and at 10.8% margin.

Note:

1. The result / numbers are presented excluding Discontinued operations
2. EBITDA adjusted for the impact of IND AS 116 to make it comparable with corresponding period previous year



PERFORMANCE HIGHLIGHTS

Foreign Exchange Fluctuation

Exchange Rate	Q2 FY2020	Q2 FY2019	Impact	Impact %	Q1 FY2020	Impact	Impact %
EURO vs. INR	78.19	80.67	(2.48)	(3.1)%	78.15	0.05	0.1%
GBP vs. INR	88.07	91.24	(3.18)	(3.5)%	89.43	(1.37)	(1.5)%
USD vs. INR	69.96	68.51	1.44	2.1%	69.56	0.40	0.6%

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

Particulars	Q2 FY2020 vs. Q2 FY2019				Q2 FY2020 vs. Q1 FY2020			
	Erla	DL UK	DTL	Total Impact	Erla	DL UK	DTL	Total Impact
<i>Currency</i>	EURO	GBP	USD		EURO	GBP	USD	
Revenue (Rs. mn)	(43.7)	(20.1)	13.1	(50.7)	0.6	(7.7)	2.2	(4.9)
EBITDA (Rs. mn)	(2.5)	(2.1)	13.1	8.5	0.0	(0.6)	2.2	1.6

- On a constant currency basis, Q2 FY2020 revenue, if adjusted for a foreign exchange impact of Rs. (50.7) mn would be Rs. 3,255.7 mn (representing a decline of 11.9% compared to a decline of 13.4% before adjustment).
- On a constant currency basis, Q2 FY2020 EBITDA, if adjusted for a foreign exchange impact of Rs. 8.5 mn would be Rs. 467.5 mn (compared to Rs. 476 mn before adjustment).
- The Company has exposure to EUR, GBP and USD. The impact from transactions denominated in USD currencies was favorable on a Y-o-Y basis.



DYNAMATIC TECHNOLOGIES LIMITED

AEROSPACE AND DEFENCE SEGMENT

Financial Overview

Rs. Million	Q2		y-o-y	Q1	q-o-q	H1		y-o-y
	FY20	FY19	Growth (%)	FY20	Growth (%)	FY20	FY19	Growth (%)
Revenue	1,190	1,143	4.1%	1,198	(0.6)%	2,388	2,259	5.7%
EBITDA	415	289	43.6%	382	8.7%	797	566	40.7%
Margin (%)	34.9%	25.3%		31.9%		33.4%	25.1%	
Adjusted EBITDA	337	289	16.6%	313	7.7%	649	566	14.7%
Margin (%)	28.3%	25.3%		26.1%		27.2%	25.1%	

- Continued order book execution and delivery leading to Q2 FY2020 revenue growth.
- **Outlook:** Strong order book. Increased efficiency, Product Mix and Continual Improvements has seen margin growth. Volume increase on major programs will drive the growth. Strengthening of supplier eco-system and vertical integration. Conversion of Aerospace division into EOU will further drive business efficiencies.
- **Strategy:** Enhancing capability in large aero-structure assemblies, high precision aero-structure manufacturing, design and engineering.

Note:

1. EBITDA adjusted for the impact of IND AS 116 to make it comparable with corresponding period previous year



DYNAMATIC TECHNOLOGIES LIMITED

HYDRAULICS SEGMENT

Financial Overview

Rs. Million	Q2		y-o-y	Q1	q-o-q	H1		y-o-y
	FY20	FY19	Growth (%)	FY20	Growth (%)	FY20	FY19	Growth (%)
Revenue	766	922	(16.9)%	868	(11.8)%	1,634	1,806	(9.5)%
EBITDA	59	119	(50.4)%	108	(45.4)%	167	193	(13.5)%
Margin (%)	7.7%	12.9%		12.5%		10.2%	10.7%	
Adjusted EBITDA	46	119	(61.3)%	86	(46.5)%	132	193	(31.6)%
Margin (%)	6.0%	12.9%		9.9%		8.1%	10.7%	

- Hydraulics segment revenue growth was impacted by the overall slowdown.
- Outlook:** Rise in infrastructure and construction is expected to lead to improved order book. Tractor production expect to improve during the second half of the year due to positive sentiments in both farming sector and construction activities.
- Strategy:** Growth from farm mechanisation sector through increase in share of business with OEMs in this sector and adding new OEMs, addition of new products and expansion of wallet share per tractor. Momentum in new market segment, i.e. off highway vehicles. Focus on aftermarket products.

Note:

- EBITDA adjusted for the impact of IND AS 116 to make it comparable with corresponding period previous year



DYNAMATIC TECHNOLOGIES LIMITED

AUTOMOTIVE AND METALLURGY SEGMENT

Financial Overview

Rs. Million	Q2		y-o-y Growth (%)	Q1 FY20	q-o-q Growth (%)	H1		y-o-y Growth (%)
	FY20	FY19				FY20	FY19	
Revenue	1,249	1,634	(23.6)%	1,681	(25.7)%	2,930	3,424	(14.9)%
EBITDA	43	43	0.0%	125	(65.7)%	168	114	54.3%
Margin (%)	3.4%	2.6%		7.4%		5.7%	3.3%	
Adjusted EBITDA	5	43	(88.4)%	90	(94.4)%	95	114	(16.7)%
Margin (%)	0.1%	2.6%		5.4%		3.2%	3.3%	

- With a focus on margin expansion, low margin products rationalization continued during the period as well. Topline growth subdued due to the slowdown in the auto industry in India as well as globally.
- **Outlook:** Increased shift in production facilities from China to Europe is expected to help improve product base and in turn improve business. Product rationalization and ramp up of new orders in India is expected to benefit the profitability and growth in the coming quarters.
- **Strategy:** Focus on high margin product mix, exports, ramp-up of existing products, performance-critical components, customer diversification and capacity utilization. Focus on increasing volumes for new products increased under BS-VI.

Note:

1. Segmental revenue adjusted for excise duty; The result / numbers are presented excluding Discontinued operations
2. EBITDA adjusted for the impact of IND AS 116 to make it comparable with corresponding period previous year



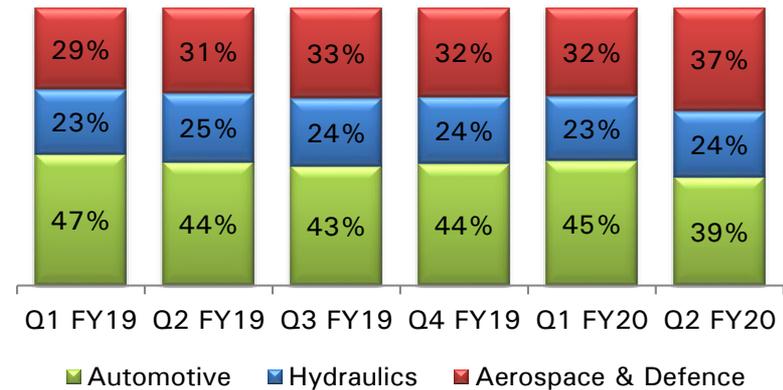
DYNAMATIC TECHNOLOGIES LIMITED

QUARTERLY FINANCIAL TRENDS

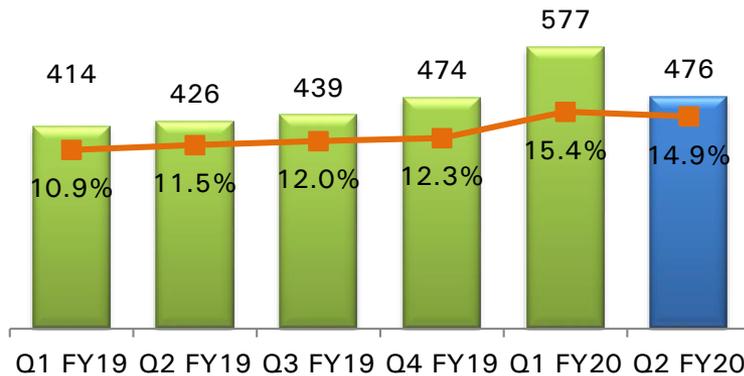
Revenue (Rs. mn) and Growth (Q-o-Q)



Segment Wise Revenue Contribution



EBITDA (Rs. mn) and Margin (%)



Adjusted EBITDA (Rs. mn) and Margin (%)



Note:

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2. EBITDA adjusted for the impact of IND AS 116 to make it comparable with corresponding period previous year

DYNAMATIC TECHNOLOGIES LIMITED

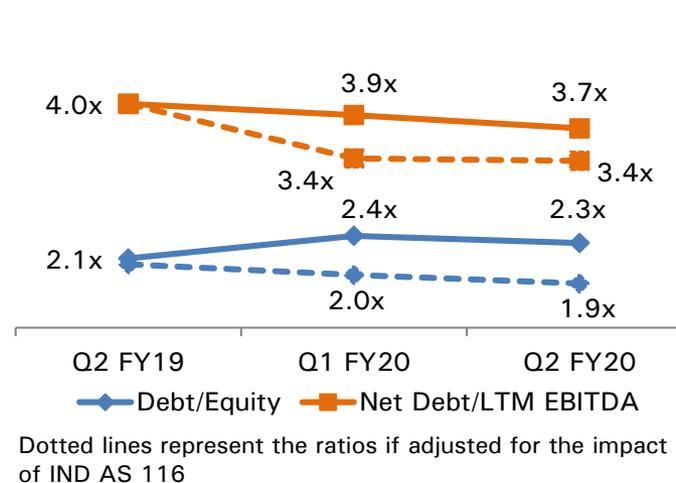


QUARTERLY FINANCIAL TRENDS

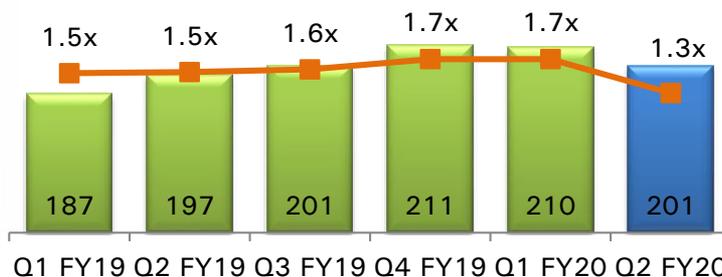
Capital Structure

(Rs. million)	Dec-18	Mar-19	Jun-19	Sep-19
Long Term	4,521	4,424	4,300	3,975
Short Term	2,365	2,160	2,276	2,324
Operating Lease	-	-	1,353	1,416
Total Debt	6,886	6,584	7,929	7,715
Less: Cash & Cash Equivalents	595	681	509	407
Net Debt	6,291	5,903	7,420	7,308
Net Worth	3,217	3,273	3,323	3,357

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



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



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



Note: The result / numbers are presented excluding Discontinued operations
 Interest Coverage ratio = Operating Profit / Interest Expense
 Adjusted values reflect impact of IND AS 116

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 74% 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 TECHNOLOGIES LIMITED

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: BMW, MAN, Daimler, Hyundai, Volkswagen, Sundaram Fastners
- Hydraulics: Cummins, Escorts, John Deere, Mahindra & Mahindra, 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
- 4 out of 9 Directors Independent



DYNAMATIC TECHNOLOGIES LIMITED

DYNAMATIC OVERVIEW

Combination of Stable and High Growth Businesses

AUTOMOTIVE & METALLURGY

42% of H1 FY20 Revenue

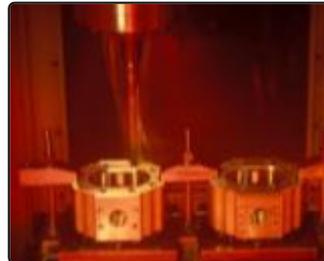


- Ferrous and non-ferrous automotive components including engine, transmission, turbocharger and chassis parts
- Metallurgical ferrous and aluminium castings

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

HYDRAULICS

24% of H1 FY20 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

34% of H1 FY20 Revenue



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

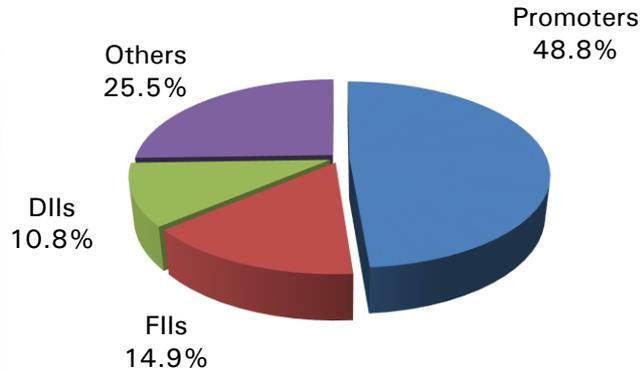
- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL



DYNAMATIC TECHNOLOGIES LIMITED

BLUE CHIP INVESTOR BASE

Shareholding Structure



Key Institutional Investors

- Samena Capital
- HDFC Mutual Fund
- Alchemy and Group
- Taiyo Greater India Fund
- Girish Gulati - HUF
- Mukul Agarwal and Group
- SBI Mutual Fund
- Premier Investment Fund

Shareholding Pattern Trend

Shareholders	Dec-18	Mar-19	Jun-19	Sep-19
Promoters	50.2%	48.8%	48.8%	48.8%
FII's	13.4%	14.7%	14.8%	14.9%
DII's	10.8%	10.8%	10.8%	10.8%
Others	25.6%	25.7%	25.6%	25.5%
Total	100.0%	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)	Q2FY20	Q1FY20	Q2FY19
Revenues			
Net Sales / Income from Operations (Net of Excise Duty)	3,205	3,747	3,699
Other Operating Income	-	-	-
Total Revenues	3,205	3,747	3,699
Expenses			
Cost of Raw Materials Consumed	1,519	1,775	1,751
Changes in Inventories of Finished Goods, WIP and Stock in Trade	22	103	183
Employee Benefit Expenses	606	648	631
Other Expenditure	579	648	708
Total expenses excluding D&A	2,727	3,174	3,273
Operating Profit (EBITDA)	478	573	426
Depreciation and Amortization Expenses	222	218	123
EBIT	256	355	302
Other Income	33	19	28
Finance Costs	201	210	197
PBT - Pre -Exceptional	88	165	134
Exceptional Item	-	-	-
PBT	88	165	134
Tax Expenses	20	64	55
PAT	68	102	79
Basic EPS (Rs)	10.74	16.03	12.43
Margins (%)			
Gross Margins	51.9%	49.9%	47.7%
EBITDA margins	14.9%	15.3%	11.50%
PAT margins	2.1%	2.7%	2.1%
Y-o-Y Growth (%)			
Total Revenues	(13.4)%		
EBITDA	12.4%		
PAT	(13.7)%		

Note: The result / numbers are presented excluding Discontinued operations and are unaudited



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Balance Sheet – Assets

Balance Sheet (Rs. million)	Sep-19	Mar-19	Sep-18
Assets			
Non-current assets			
Property, plant and equipment	5,300	5,259	5,516
Capital work in progress	62	56	47
Goodwill	903	925	987
Intangible assets	230	254	266
Right of use assets	1,256	-	-
Financial assets			
Investments	3	3	6
Loans	121	115	160
Other financial assets	2	2	2
Income tax assets	63	63	-
Other non-current assets	7	45	42
	7,950	6,723	7,025
Current assets			
Inventories	2,551	2,808	2,838
Financial assets			
Trade receivables / sundry debtors	2,610	2,294	1,932
Cash and cash equivalents	146	371	164
Bank balance other than cash	261	308	228
Loan	50	41	31
Income tax assets (net)	-	-	-
Other current assets	517	546	759
Total current assets	6,135	6,368	5,963
Disposal Group Assets - Held for Sale	772	758	1,323
Total assets	14,856	13,848	14,310

Note: Unaudited Financials Statements



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Balance Sheet – Liabilities

Balance Sheet (Rs. million)	Sep-19	Mar-19	Sep-18
EQUITY and LIABILITIES			
Shareholders Fund			
Share capital	63	63	63
Reserves and surplus	3,274	3,186	3,288
Total Shareholders Fund	3,337	3,249	3,352
Non-Current Liabilities			
Financial liabilities			
Borrowings	3,677	3,958	4,033
Lease liabilities	1,155	-	-
Other Financial Liabilities	-	10	37
Deferred Tax Liabilities (net)	332	345	228
Other Long Term Liabilities	9	-	4
Long Term Provisions	226	200	148
Total Non-Current Liabilities	5,398	4,513	4,451
Current Liabilities			
Financial liabilities			
Borrowings	2,372	2,160	2,315
Trade Payables	2,472	2,767	2,271
Other Financial Liabilities	762	825	1,011
Other Current Liabilities	57	168	118
Lease Liabilities	262	-	-
Income Tax Liabilities (net)	90	42	246
Short-Term Provisions	95	116	108
Total Current Liabilities	6,109	6,078	6,068
Disposal Group Liabilities - Directly Associated with Assets Held for Sale	12	8	440
TOTAL EQUITY AND LIABILITIES	14,856	13,848	14,310

Note: Unaudited Financials Statements



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Cash Flow Statements

Cash Flow Statement (Rs. million)	Sep-19	Sep-18
Net cash generated from operating activities	537	531
Net cash used in investing activities	(151)	(95)
Net cash (used in)/provided by financing activities	(611)	(670)
Net increase/(decrease) in cash and cash equivalents	(225)	(234)
Cash and cash equivalents at the beginning of the period	371	399
Cash and cash equivalents at the end of the period	146	165



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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