

DYNAMATIC TECHNOLOGIES LIMITED

Q3 FY2018 **EARNINGS** PRESENTATION



HYDRAULICS



AEROSPACE & DEFENCE



AUTOMOTIVE



DYNAMATIC TECHNOLOGIES LIMITED



BORN TO FLY

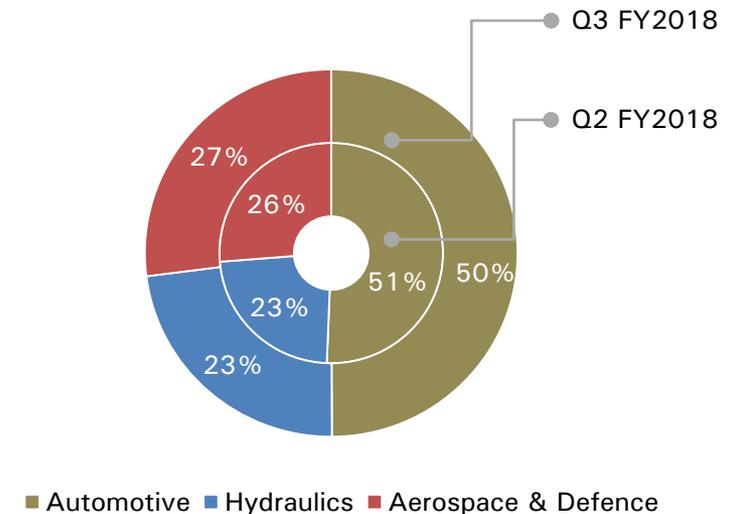


Q3 FY2018 PERFORMANCE HIGHLIGHTS

Q-o-Q Highlights

- Net Revenue of Rs. 3,517 mn; up 2.8% from Rs. 3,421 mn in Q2 FY18
 - Aerospace & Defence segment revenue of Rs. 951 mn; up 5.9% from Rs. 898mn last quarter
 - Hydraulics segment revenue of Rs. 811 mn; up 2.6% from Rs. 790 mn last quarter
- EBITDA of Rs. 336 mn; compared to Rs. 319 mn in Q2 FY18
 - EBITDA margin of 9.6%; up 30 bps q-o-q
- PBT of Rs. 19.4 mn; compared to Rs. 1.5 mn last quarter

Q3 FY2018 Revenue Breakup





PERFORMANCE HIGHLIGHTS

Management Commentary

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

“Operationally, Q3 FY2018 has been quite a rewarding period with our continued execution of existing orders while taking on new orders with a great momentum. During this period, we successfully started the ramp up of phase 2 of Airbus orders; putting in place a cutting-edge infrastructure and achieved a full scale industrialization of the entire value chain. Further, we have become the sole supplier of major sub assemblies for Bell 407 helicopter cabins. This is expected to lead to significant volume expansion and continuous order flows going forward.

The orders offtake for the Hydraulics segment increased considerably during the quarter resulting in improved segmental sales. The Aerospace & Defence segment revenue also increased substantially driven by continuing order book execution. Strong operational performance is very well reflected in the higher revenues for the Hydraulic and Aerospace & Defence segments. However, EBITDA was impacted on account of **one time impact of long term union wages revision inclusive of arrears**. Further, although our Automobile segment may initially appear to have underperformed, but to enhance margins we are continuing the products rationalization strategy in our Germany operations, that was adopted in last quarter. We are committed to perform well over the long term and therefore, we have been taking off all the low margin products from our automobile portfolio. This will continue to impact our automobile segment financials for few quarters but exponential benefits to be reaped there after.

To conclude, Dynamatic Technologies is committed on its path of business excellence, transcending the next level of growth and remain committed to creating utmost value for all of its stakeholders.”



FINANCIAL PERFORMANCE SUMMARY

Consolidated Performance Highlights

Rs. Million	Q3		y-o-y Growth (%)	Q2	q-o-q Growth (%)	Nine Month		y-o-y Growth (%)
	FY18	FY17		FY18		FY18	FY17	
Revenue (Net of Excise Duty)	3,517	3,513	0.1%	3,421	2.8%	10,086	11,241	(10.3)%
EBITDA	336	343	(2.0)%	319	5.3%	872	1,257	(30.6)%
<i>Margin (%)</i>	<i>9.6%</i>	<i>9.8%</i>		<i>9.3%</i>		<i>8.6%</i>	<i>11.2%</i>	
Profit Before Tax (PBT)	19.4	47	(58.7)%	1.5	<i>nm</i>	(58)	428	<i>nm</i>
Profit After Tax (PAT)	1	19	(94.1)%	13	(91.5)%	(80.6)	256	<i>nm</i>
<i>Margin (%)</i>	<i>0.0%</i>	<i>0.5%</i>		<i>na</i>		<i>nm</i>	<i>2.3%</i>	
Basic EPS (Rs.)	0.17	2.96	(94.1)%	2.05	(91.5)%	(12.71)	40.33	<i>nm</i>
Total Comprehensive Income (Rs.)	(17)	(25)	<i>nm</i>	50	<i>nm</i>	(7.4)	108	

- Q3 FY2018 revenues from Aerospace & Defence and Hydraulics segments increased by 8.8% and 16.4%, on a y-o-y basis and 5.9% & 2.6% on a q-o-q basis, respectively
- Revenues from Automotive segment increased by 1.6% on a q-o-q basis. However, it declined by 9.5% on a y-o-y basis due to the ongoing low margin product rationalization strategy
- The q-o-q growth was achieved across all the segments, despite the UK and Germany facilities operating for shorter periods in Q3 vs. Q2 FY2018, on account of December end holidays
- Q3 FY2018 EBITDA margin up by 5.3% on a q-o-q basis. However, a decline of 2.0% on a y-o-y basis, driven by higher expenses incurred related to new capacity addition (early stage of facilities ramp up)



PERFORMANCE HIGHLIGHTS

Foreign Exchange Fluctuation

Exchange Rate	Q3 FY2018	Q3 FY2017	Impact	Impact %	Q2 FY2018	Impact	Impact %
EURO vs. INR	74.26	74.35	(0.08)	(0.11)%	73.31	0.95	1.30%
GBP vs. INR	84.19	89.30	(5.10)	(5.72)%	83.34	0.85	1.02%
USD vs. INR	64.49	67.12	(2.62)	(3.91)%	64.37	0.12	0.19%

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

Particulars	Q3 FY2018 vs. Q3 FY2017				9M FY2018 vs. 9M FY2017			
	Erla	DL UK	JFTL	Total Impact	Erla	DL UK	JFTL	Total Impact
<i>Currency</i>	EURO	GBP	EURO		EURO	GBP	EURO	
Revenue (Rs. mn)	(1.5)	(35.8)	(28.6)	(65.8)	(6.6)	(97.3)	(83.2)	(187.1)
EBITDA (Rs. mn)	(0.03)	(3.0)	(28.6)	(31.6)	(0.3)	(13.9)	(83.2)	(97.4)

- On a constant currency basis, Q3 FY2018 revenue, if adjusted for a foreign exchange impact of Rs. (65.8) mn would be Rs. 3,582 mn (representing a growth of 2.0% compared to 0.1% before adjustment)
- On a constant currency basis, Q3 FY2018 EBITDA, if adjusted for a foreign exchange impact of Rs. (31.6) mn would be Rs. 368 mn (compared to Rs. 336 mn before adjustment)
- The Company has exposure to EUR, GBP and USD. The impact from transactions denominated in all of these currencies was unfavorable on a Y-o-Y basis

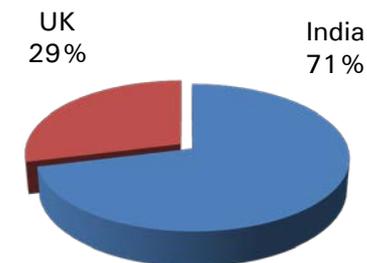


AEROSPACE AND DEFENCE SEGMENT

Financial Overview

Rs. Million	Q3		y-o-y Growth (%)	Q2 FY18	q-o-q Growth (%)	Nine Month		y-o-y Growth (%)
	FY18	FY17				FY18	FY17	
Revenue	951	874	8.8%	898	5.9%	2,553	2554	0.0%
India	676	581	16.4%	610	10.9%	1,743	1,612	8.1%
UK	275	293	(6.1)%	288	(4.5)%	810	942	(14.0)%
EBITDA	231	273	(15.4)%	206	11.9%	569	808	(29.5)%
<i>Margin (%)</i>	<i>24.3%</i>	<i>31.2%</i>		<i>23.0%</i>		<i>22.3%</i>	<i>31.6%</i>	
India	195	188	3.8%	174	12.0%	471	609	(22.6)%
<i>Margin (%)</i>	<i>28.8%</i>	<i>32.4%</i>		<i>28.5%</i>		<i>27.0%</i>	<i>37.8%</i>	
UK	36	85	(57.6)%	32	11.0%	98	199	(50.6)%
<i>Margin (%)</i>	<i>13.1%</i>	<i>29.0%</i>		<i>11.3%</i>		<i>12.1%</i>	<i>21.0%</i>	

Q3 FY18 Revenue Breakup



Performance Overview

- Continuing order book execution led to substantial revenue growth in Q3 FY2018
- Increase in raw material expense on account of new projects mix combined with one time impact of long term union wages revision led Q3 & 9M FY2018 EBITDA to decline on a y-o-y basis
- **Outlook:** Strong order book. New enquiries and orders to further strengthen the order book. Order execution for Airbus and Bell Helicopters continues at the new facility in Bangalore. Ramp up of phase 2 Airbus orders started. Also, have become the sole supplier of cabin assemblies to Bell Helicopters. This will lead to volume expansion in the future
- **Strategy:** Developing capabilities in large aero-structural assemblies, composites, and high precision aero-structure design and engineering.

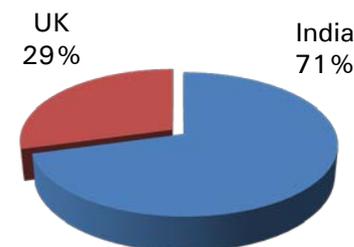


HYDRAULICS SEGMENT

Financial Overview

Rs. million	Q3		y-o-y	Q2	q-o-q	Nine Month		y-o-y
	FY18	FY17	Growth (%)	FY18	Growth (%)	FY18	FY17	Growth (%)
Revenue	811	696	16.4%	790	2.6%	2,244	2,069	8.5%
India	573	500	14.5%	556	3.1%	1,575	1,424	10.6%
UK	238	196	21.3%	234	1.5%	669	645	3.8%
EBITDA	84	94	(11.0)%	106	(20.8)%	249	282	(11.8)%
<i>Margin (%)</i>	<i>10.4%</i>	<i>13.6%</i>		<i>13.4%</i>		<i>11.1%</i>	<i>13.6%</i>	
India	70	80	(12.3)%	75	(7.2)%	204	244	(16.2)%
<i>Margin (%)</i>	<i>12.2%</i>	<i>16.0%</i>		<i>13.6%</i>		<i>13.0%</i>	<i>17.1%</i>	
UK	14	15	(3.9)%	31	(54.3)%	44	38	15.8%
<i>Margin (%)</i>	<i>5.9%</i>	<i>7.4%</i>		<i>13.1%</i>		<i>6.6%</i>	<i>5.9%</i>	

Q3 FY18 Revenue Breakup



Performance Overview

- Hydraulics segment continued its strong performance during Q3 and 9M FY2018, mainly on account of increased order offtakes. UK operations also performed well during Q3 FY2018. Also, for 9M FY2018, revenues from both India and UK increased on a y-o-y basis
- One time impact of long term union wages revision led Q3 FY2018 EBITDA to decline on a y-o-y basis
- With a recently established sales office in the US, the Company expects to expand further in the North American market
- Outlook:** Performance in India expected to remain strong on the back of improved farm sentiment and investment in the infrastructure sector. Started production of the new order in the UK; benefits to be realized during FY2018
- Strategy:** Focus on OEM market and exports. Growth through replacement market and lean manufacturing systems

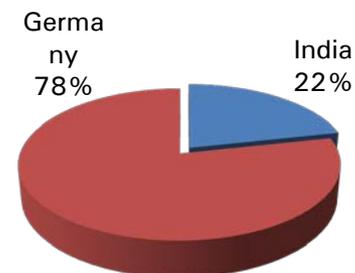


AUTOMOTIVE SEGMENT

Financial Overview

Rs. million	Q3		y-o-y Growth (%)	Q2 FY18	q-o-q Growth (%)	Nine Month		y-o-y Growth (%)
	FY18	FY17				FY18	FY17	
Revenue	1,760	1,945	(9.5)%	1,732	1.6%	5,292	6,662	(20.6)%
India – M	215	164	31.4%	192	12.3%	590	550	7.4%
India – F	246	171	44.1%	256	(3.7)%	739	713	3.6%
India – F: Inter Co. Settlement	(81)	(109)		(104)		(282)	(451)	
Germany	1,379	1,719	(19.8)%	1,388	(0.7)%	4,244	5,851	(27.5)%
EBITDA	24	(8)	<i>nm</i>	16	50.6%	81	206	(60.8)%
<i>Margin (%)</i>	<i>1.4%</i>	<i>(0.4)%</i>		<i>0.9%</i>		<i>1.5%</i>	<i>3.1%</i>	
India	(11)	(41)	<i>nm</i>	(42)	<i>nm</i>	(79)	(52)	<i>nm</i>
<i>Margin (%)</i>	<i>nm</i>	<i>nm</i>		<i>nm</i>		<i>nm</i>	<i>nm</i>	
Germany	35	34	2.4%	58	(39.9)%	160	259	(38.3)%
<i>Margin (%)</i>	<i>2.5%</i>	<i>2.0%</i>		<i>4.1%</i>		<i>3.8%</i>	<i>4.4%</i>	

Q3 FY18 Revenue Breakup



Note:
 India – M: India – Machining
 India – F: India – Iron Foundry

Performance Overview

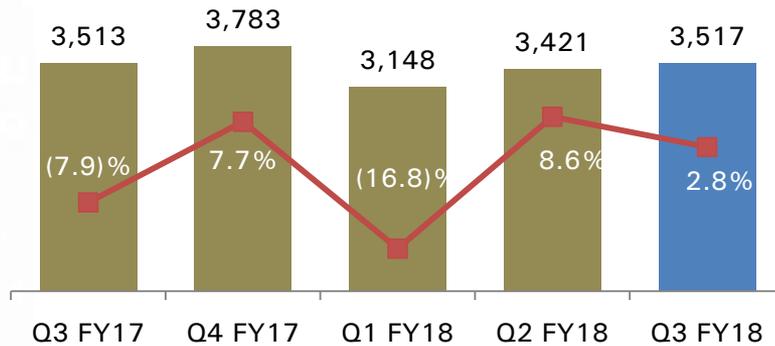
- With a focus on margin expansion, low margin products rationalization continued during the Q3 FY2018. Adoption of such rationalization strategy impacted overall financials. However, positive synergy to be derived in next few quarters
- **Outlook:** Ramp up of new orders in India started during the quarter, with benefit to be derived from FY2019. New machining facility commissioned in Germany to drive both revenue and profitability in the coming year
- **Strategy:** Focus on high margin product mix, exports, ramp-up of existing products, performance-critical components, customer diversification, steel castings & capacity utilization



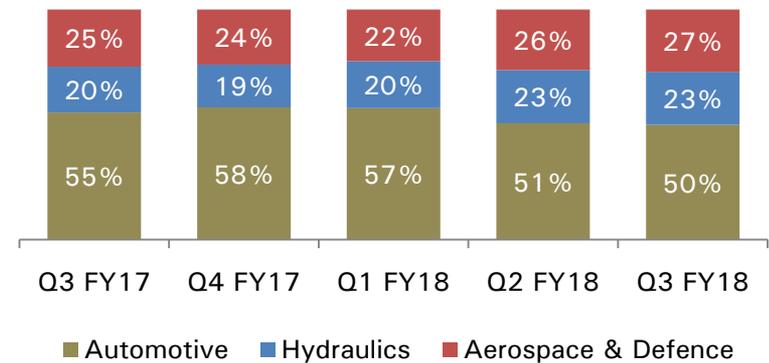
DYNAMATIC TECHNOLOGIES LIMITED

QUARTERLY FINANCIAL TRENDS

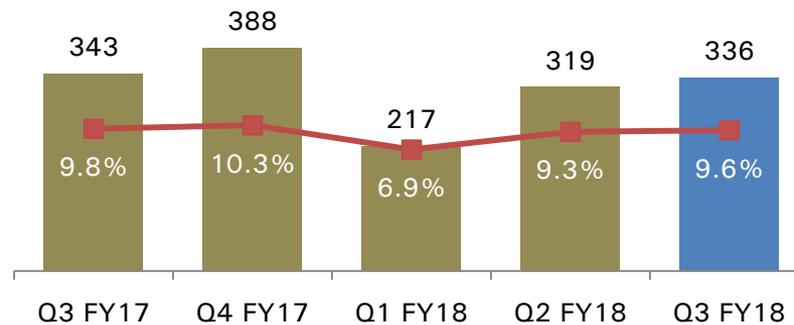
Revenue (Rs. mn) and Growth (Q-o-Q)



Segment Wise Revenue Contribution



EBITDA (Rs. mn) and Margin (%)



Note: Financials for FY18 and Q2 FY17 are Ind-AS based

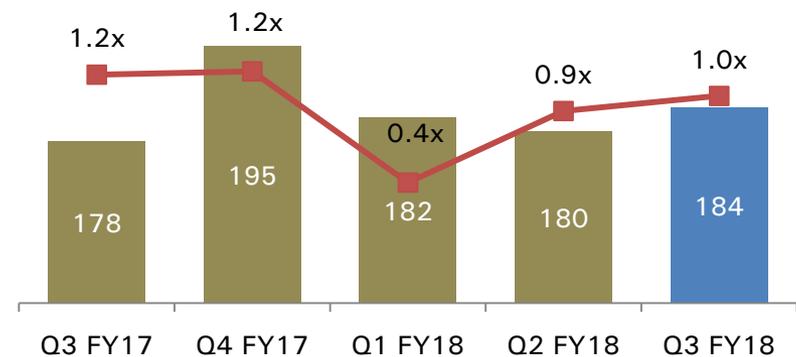


QUARTERLY FINANCIAL TRENDS

Capital Structure

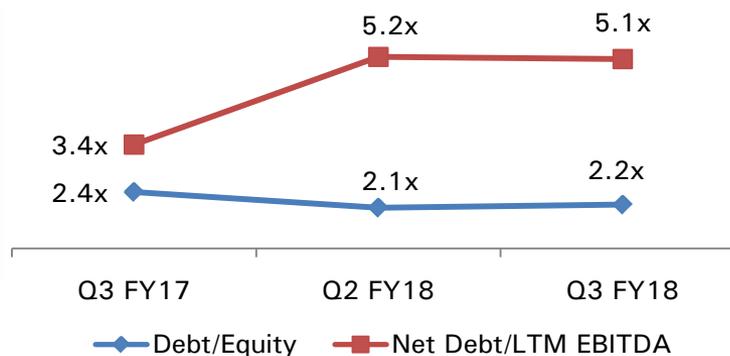
(Rs. million)	Dec 31, 2017	Sept 30, 2017
Long Term Borrowings	4,763	4,913
Short Term Borrowings	2,243	2,084
Total Debt	7,006	6,997
Less: Cash & Cash Equivalents	520	419
Net Debt	6,486	6,577
Net Worth	3,255	3,350

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



Note: Interest Coverage ratio = Operating Profit / Interest Expense

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



Credit Ratings

- India Rating & Research (a Fitch Group company) has assigned a long term issuer rating of "IND A-" with Stable outlook



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: Caterpillar, 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
- 4 out of 9 Directors Independent



DYNAMATIC TECHNOLOGIES LIMITED

DYNAMATIC OVERVIEW

Combination of Stable and High Growth Businesses

AUTOMOTIVE

50% of Q3 FY18 Revenue

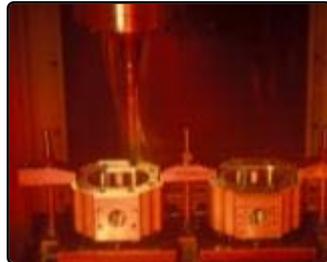


- Ferrous and non-ferrous automotive components including engine, transmission, turbocharger and chassis parts
- Metallurgical ferrous and aluminium castings

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

HYDRAULICS

23% of Q3 FY18 Revenue



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

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

AEROSPACE & DEFENCE

27% of Q3 FY18 Revenue



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

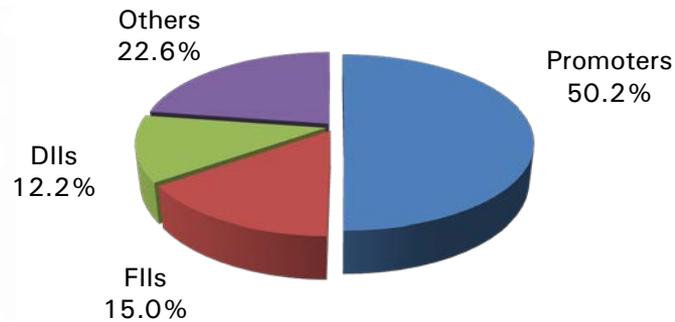
- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL



DYNAMATIC TECHNOLOGIES LIMITED

BLUE CHIP INVESTOR BASE

Shareholding Structure



Shareholding Pattern Trend

Shareholders	Jun-17	Sep-17	Dec-17
Promoters	50.2%	50.2%	50.2%
FII	15.3%	14.8%	15.0%
DII	12.4%	12.4%	12.2%
Others	22.1%	22.6%	22.6%
Total	100.0%	100.0%	100.0%

Key Institutional Investors

- Samena Capital and Citi Group
- HDFC Mutual Fund
- Alchemy and Group
- SBI Mutual Fund
- Goldman Sachs
- Mukul Agarwal and Group
- Premier Investment Fund
- Cyril Traders
- L&T Mutual Fund

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 Comparison)

Profit & Loss Statement (Rs. million)	Q3 FY18	Q3 FY17
Revenues		
Net Sales / Income from Operations (Net of Excise Duty)	3,517	3,513
Other Operating Income	-	-
Total Revenues	3,517	3,513
Expenses		
Cost of Raw Materials Consumed	1753	1,999
Changes in Inventories of Finished Goods, WIP and Stock in Trade	92	(2)
Employee Benefit Expenses	638	569
Other Expenditure	698	604
Total expenses	3,180	3,170
Operating Profit (EBITDA)	336	343
Depreciation and Amortization Expenses	144	131
EBIT	192	212
Other Income	12	13
Finance Costs	184	178
PBT – Pre Exceptional	19	47
Exceptional (Gain)/ Losses	0	0
PBT	19	47
Tax Expenses	18	28
PAT	1.1	19
Basic EPS (Rs)	0.17	2.96
Margins (%)		
Gross Margins	47.5%	43.1%
EBITDA margins	9.6%	9.8%
PAT margins	0.0%	0.5%
Y-o-Y Growth (%)		
Total Revenues	(0.1)%	(3.2)%
EBITDA	(2.0)%	14.2%
PAT	(94.1)%	(23.6)%



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Balance Sheet – Assets

Balance Sheet (Rs. million)	Sep-17
ASSETS	
Non-Current Assets	
Goodwill	907
Fixed Assets	7,139
Non-Current Investment	17
Deferred tax asset (net)	0
Long Term Loans and Advances	156
Other Non Current Assets	42
Total Non-Current Assets	8,261
Current Assets	
Inventories	2,659
Trade Receivables / Sundry Debtors	1,779
Cash and Cash Equivalents	256
Bank Balance Other than Cash	164
Other Financial Assets	1
Short-Term Loans and Advances	216
Income Tax Assets (net)	12
Other Current Assets	752
Total Current Assets	5,838
TOTAL ASSETS	14,099



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Balance Sheet – Liabilities

Balance Sheet (Rs. million)	Sep-17
EQUITY and LIABILITIES	
Shareholders Fund	
Share capital	63
Reserves and surplus	3,286
Money Received against Share Warrants	0
Non-controlling interest (Preference capital)	0
Total Shareholders Fund	3,349
Non-Current Liabilities	
Long-Term Borrowings	4,489
Deferred Tax Liabilities (net)	89
Other Long Term Liabilities	16
Long Term Provisions	125
Total Non-Current Liabilities	4,719
Current Liabilities	
Short-Term Borrowings	2,084
Trade Payables	2,503
Other Financial Liabilities	932
Other Current Liabilities	374
Income Tax Liabilities (net)	66
Short-Term Provisions	72
Total Current Liabilities	6,030
TOTAL EQUITY AND LIABILITIES	14,099



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

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