

DYNAMATIC TECHNOLOGIES LIMITED

Q3 and 9M FY2020 **EARNINGS**  
PRESENTATION



Hydraulics



Aerospace



Automotive



# DYNAMATIC TECHNOLOGIES LIMITED



## 9M FY2020 PERFORMANCE HIGHLIGHTS

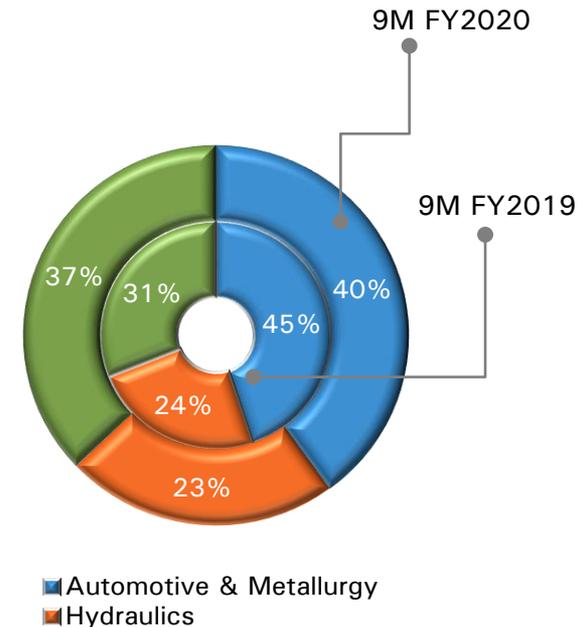
### Highlights 9M FY2020 vs. 9M FY2019

- Net Revenue of Rs.10,030 mn; down 10.1% from Rs. 11,154 mn in 9M FY19
  - Aerospace segment revenue of Rs. 3,713 mn; up 7.4% from Rs. 3,457 mn
  - Hydraulics segment revenue of Rs. 2,298 mn; down 14.8% from Rs. 2,697 mn
  - Automotive & Metallurgy segment revenue of Rs. 3,997 mn; down by 20.1% from Rs. 5,001 mn
- Adjusted EBITDA of Rs. 1,104 mn; down 13.6% from Rs. 1,278 mn in 9M FY19
  - Adjusted EBITDA margin of 11.0%; down 45 bps
- PAT of Rs. 297 mn; up by 35.7% from Rs. 219 mn in 9M FY19

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

### 9M FY2020 Revenue Breakup





# DYNAMATIC TECHNOLOGIES LIMITED

## PERFORMANCE HIGHLIGHTS

### Management Commentary

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

“Operationally, Q3 FY2020 was a difficult period with weak demand affecting our Automotive and Hydraulic businesses. Our Aerospace business performance remained robust due to continued strong demand. We feel the market has now bottomed out as we are seeing a uptick in demand for Hydraulic and Automotive products. After three quarters of negative growth driven by rapidly decelerating demand, we are finally seeing early signs of recovery.

We continued to achieve milestones with new product launches in the Hydraulic business during EXCON 2019. We recently started a project for monolithic aircraft structures for Airbus at our Swindon (UK) facility, which will increase the value-add within the group. We are also close to completion of the Aerospace certification process of our German foundry.

Aerospace Bengaluru facility has been assessed by Airbus, and been found to have world class practices during their Industrial Process Capabilities Assessment. It confirms our best-in-class infrastructure and skilled resources which enable us to meet client expectations, and deliver high quality products supported by robust supply chain and engineering capabilities.

The capital structure of our wholly owned subsidiary, JKM Ferrotech Limited has been optimised to seek fresh investment opportunities.”

# DYNAMATIC TECHNOLOGIES LIMITED



## FINANCIAL PERFORMANCE SUMMARY

### Consolidated Performance Highlights

Rs. Million	Q3		y-o-y Growth (%)	Q2	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY20	FY19		FY20		FY20	FY19	
Revenue	3,078	3,666	(16.0)%	3,205	(4.0)%	10,030	11,154	(10.1)%
EBITDA	443	439	1.0%	476	(7.0)%	1,495	1,278	16.9%
Margin (%)	14.4%	12.0%		14.9%		14.9%	11.5%	
Profit Before Tax (PBT)	(3)	102	nm	86	nm	250	382	(34.6)%
Profit After Tax (PAT)	128	57	124.0%	66	94.1%	297	219	35.7%
Margin (%)	4.1%	1.6%		2.1%		3.0%	2.0%	
Basic EPS (Rs.)	20.14	8.99	124.0%	10.74	87.5%	46.91	34.56	35.7%
Adjusted EBITDA	309	439	(29.6)%	346	(10.8)%	1,104	1,278	(13.6)%
Margin (%)	10.0%	12.0%		10.8%		11.0%	11.5%	

- 9M FY2020 revenues from the Aerospace segment increased by 7.4% y-o-y. Automotive and Metallurgy and Hydraulics segments decreased by 20.1% and 14.8%, respectively on a y-o-y basis.
- 9M FY2020 EBITDA increased by 16.9% y-o-y with margin of 14.9%, increased by 344 bps.
- Adjusted for the impact of IND AS 116, EBITDA for 9M FY2020 would have been Rs. 1,104 million, a decrease of 13.6% y-o-y and at 11.0% 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

# DYNAMATIC TECHNOLOGIES LIMITED



## PERFORMANCE HIGHLIGHTS

### Foreign Exchange Fluctuation

Exchange Rate	Q3 FY2020	Q3 FY2019	Impact	Impact %	Q2 FY2020	Impact	Impact %
EURO vs. INR	78.4	81.2	(2.8)	(3.4)%	78.2	0.2	0.3%
GBP vs. INR	89.3	91.7	(2.5)	(2.7)%	88.1	1.2	1.4%
USD vs. INR	70.4	69.7	0.7	1.0%	70.0	0.4	0.6%

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

Particulars	Q3 FY2020 vs. Q3 FY2019				Q3 FY2020 vs. Q2 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)	(30.5)	(17.1)	4.4	(43.3)	2.5	8.5	9.7	20.7
EBITDA (Rs. mn)	(1.3)	(0.5)	4.4	2.5	0.1	0.5	9.7	10.3

- On a constant currency basis, Q3 FY2020 revenue, if adjusted for a foreign exchange impact of Rs. (43.3) mn would be Rs. 3,121 mn (representing a decline of 14.8% compared to a decline of 16.0% before adjustment).
- On a constant currency basis, Q3 FY2020 EBITDA, if adjusted for a foreign exchange impact of Rs. 2.5 mn would be Rs. 440 mn (compared to Rs. 443 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 SEGMENT

### Financial Overview

Rs. Million	Q3		y-o-y	Q2	q-o-q	9M		y-o-y
	FY20	FY19	Growth (%)	FY20	Growth (%)	FY20	FY19	Growth (%)
Revenue	1,325	1,198	10.6%	1,190	11.3%	3,713	3,457	7.4%
EBITDA	367	316	16.2%	415	(11.6)%	1,164	882	32.0%
Margin (%)	27.7%	26.4%		34.9%		31.4%	25.5%	
Adjusted EBITDA	294	316	(6.9)%	337	(12.7)%	943	882	6.9%
Margin (%)	22.2%	26.4%		28.3%		25.4%	25.5%	

- Continued order book execution and delivery leading to Q3 FY2020 revenue growth.
- Q3 FY2020 saw increased expenses on account of investments in building monolithic capabilities which will translate into benefits in the coming quarters
- **Outlook:** Strong order book. Increased efficiency, product mix and continual improvements has seen margin growth. Successful implementation of monolithic project coupled with volume increase on major programs will drive the growth in the near future. Strengthening of supplier eco-system and vertical integration.
- **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	Q3		y-o-y	Q2	q-o-q	9M		y-o-y
	FY20	FY19	Growth (%)	FY20	Growth (%)	FY20	FY19	Growth (%)
Revenue	664	891	(25.5)%	766	(13.3)%	2,298	2,697	(14.8)%
EBITDA	47	104	(54.8)%	59	(20.3)%	214	297	(28.1)%
Margin (%)	7.1%	11.7%		7.7%		9.3%	11.0%	
Adjusted EBITDA	24	104	(76.9)%	46	(47.7)%	156	297	(47.7)%
Margin (%)	3.6%	11.7%		6.0%		6.8%	11.0%	

- Hydraulics segment revenue growth was impacted by the overall slowdown.
- **Outlook:** Newly launched products coupled with improving industrial activities are expected to lead to restored order book. Furthermore, increased infrastructure spending as outlined by the Indian government in the recent budget is expected to enhance the segment performance.
- **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:

1. 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	Q3		y-o-y	Q2	q-o-q	9M		y-o-y
	FY20	FY19	Growth (%)	FY20	Growth (%)	FY20	FY19	Growth (%)
Revenue	1,067	1,577	(32.3)%	1,249	(14.6)%	3,997	5,001	(20.1)%
EBITDA	53	39	35.5%	43	23.3%	221	148	49.9%
Margin (%)	5.0%	2.5%		3.4%		5.5%	3.0%	
Adjusted EBITDA	15	39	(61.6)%	5	206.1%	110	148	(25.4)%
Margin (%)	1.4%	2.5%		0.4%		2.8%	3.0%	

- 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:

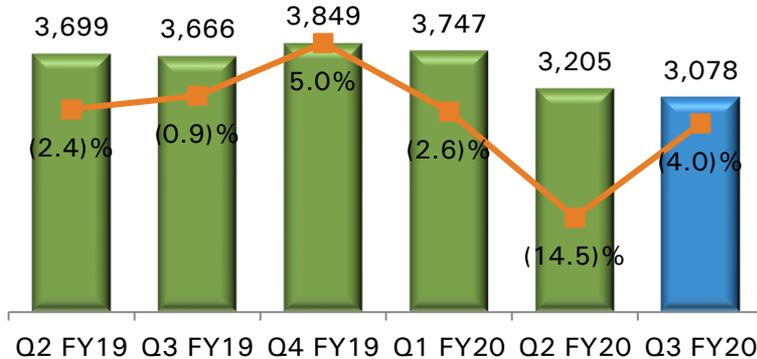
1. Segmental revenue adjusted for excise duty; The result / numbers are presented excluding Discontinued operations
2. EBITDA adjusted for the impact of IND AS 116 to make it comparable with corresponding period previous year



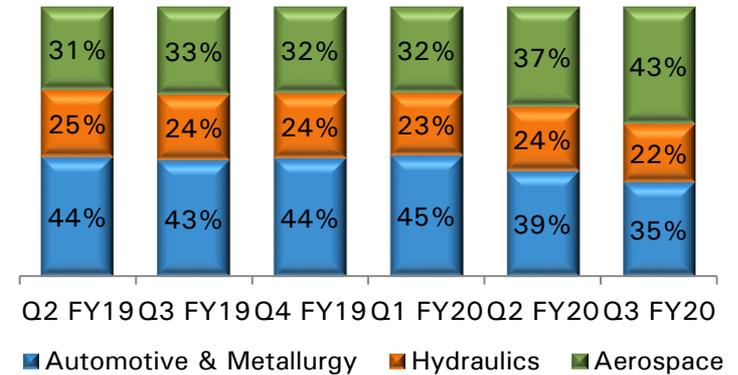
# DYNAMATIC TECHNOLOGIES LIMITED

## QUARTERLY FINANCIAL TRENDS

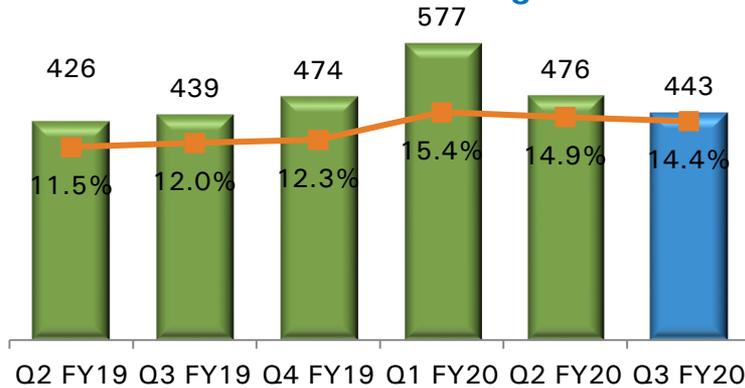
### Revenue (Rs. mn) and Growth (Q-o-Q)



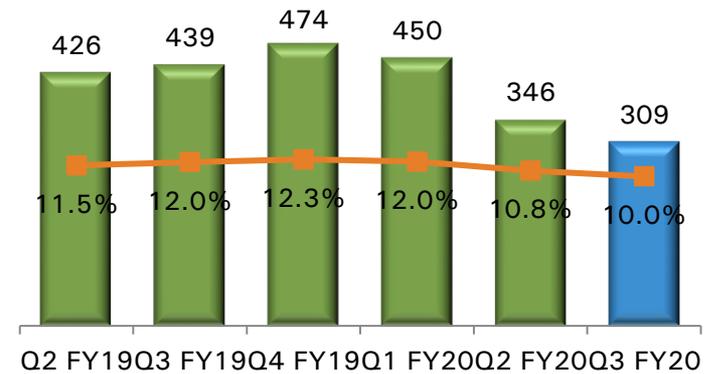
### Segment Wise Revenue Contribution



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



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



Note:

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

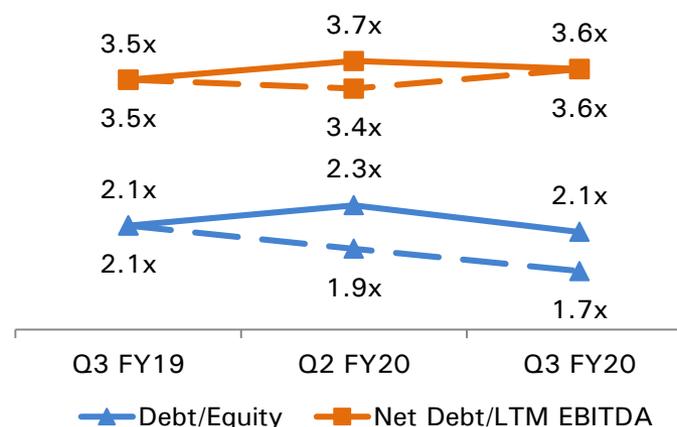


## QUARTERLY FINANCIAL TRENDS

### Capital Structure

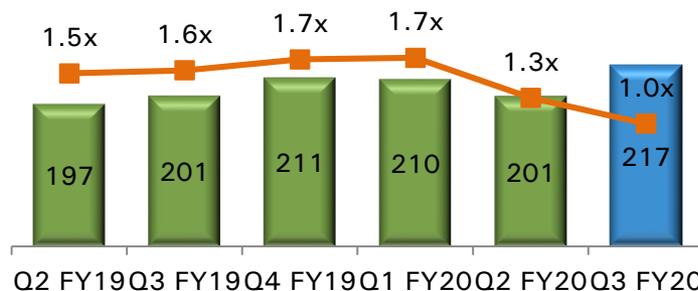
(Rs. million)	Mar-19	Jun-19	Sep-19	Dec-19
Long Term	4,424	4,300	3,975	3,905
Short Term	2,160	2,276	2,324	2,347
Operating Lease	-	1,353	1,416	1,430
<b>Total Debt</b>	<b>6,584</b>	<b>7,929</b>	<b>7,715</b>	<b>7,682</b>
Less: Cash & Cash Equivalents	681	509	407	510
<b>Net Debt</b>	<b>5,903</b>	<b>7,420</b>	<b>7,308</b>	<b>7,172</b>
Net Worth	3,273	3,323	3,357	3,594

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

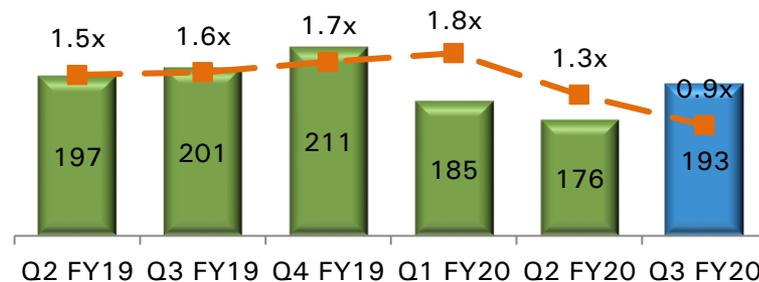


Dotted lines represent the ratios if adjusted for the impact of IND AS 116

### 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 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 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 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 : 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

40% of 9M FY20  
Revenue

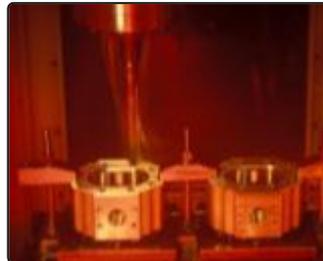


- Ferrous and non-ferrous automotive components including engine, transmission, turbocharger and chassis parts
- Metallurgical ferrous and aluminium castings

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

#### HYDRAULICS

23% of 9M 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

37% of 9M FY20  
Revenue



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

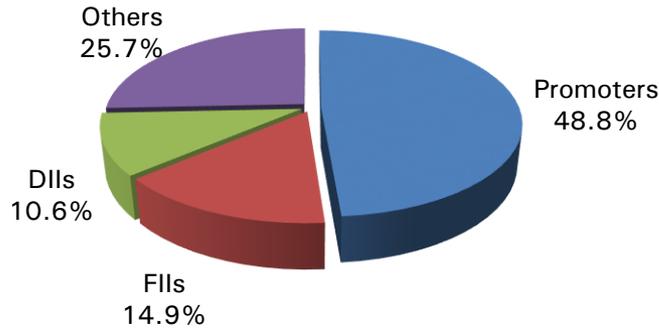
- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL



# 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	Mar-19	Jun-19	Sep-19	Dec-19
Promoters	48.8%	48.8%	48.8%	48.8%
FIs	14.7%	14.8%	14.9%	14.9%
DIs	10.8%	10.8%	10.8%	10.6%
Others	25.7%	25.6%	25.5%	25.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### 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)	Q3 FY19	Q2 FY20	Q3 FY20
<b>Revenues</b>			
Net Sales / Income from Operations (Net of Excise Duty)	3,666	3,205	3,078
Other Operating Income	-	-	-
<b>Total Revenues</b>	<b>3,666</b>	<b>3,205</b>	<b>3,078</b>
<b>Expenses</b>			
Cost of Raw Materials Consumed	1,891	1,519	1,394
Changes in Inventories of Finished Goods, WIP and Stock in Trade	(65)	22	90
Employee Benefit Expenses	653	606	615
Other Expenditure	748	579	536
<b>Total expenses excluding D&amp;A</b>	<b>3,227</b>	<b>2,727</b>	<b>2,635</b>
<b>Operating Profit (EBITDA)</b>	<b>439</b>	<b>478</b>	<b>443</b>
Depreciation and Amortization Expenses	123	222	231
<b>EBIT</b>	<b>316</b>	<b>256</b>	<b>212</b>
Other Income	(12)	33	2
Finance Costs	201	201	217
<b>PBT - Pre -Exceptional</b>	<b>102</b>	<b>88</b>	<b>(3)</b>
Exceptional Item	-	-	-
<b>PBT</b>	<b>102</b>	<b>88</b>	<b>(3)</b>
Tax Expenses	45	20	(131)
<b>PAT</b>	<b>57</b>	<b>68</b>	<b>128</b>
Basic EPS (Rs)	8.99	10.74	20.14
<b>Margins (%)</b>			
Gross Margins	50.2%	51.9%	51.8%
EBITDA margins	12.0%	14.9%	14.4%
PAT margins	1.6%	2.1%	4.1%
<b>Y-o-Y Growth (%)</b>			
Total Revenues			(16.0)%
EBITDA			1.0%
PAT			124.0%

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



# 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

## CONTACT DETAILS

**Mr. Chalapathi P**

*Chief Financial Officer*

F: +91 80 2839 5823

E: [chalapathi.p@dynamatics.net](mailto:chalapathi.p@dynamatics.net)

**Mr. Shivaram V**

*Head – Legal, Compliance & Company Secretary*

F: +91 80 2839 5823

E: [shivaram.v@dynamatics.net](mailto:shivaram.v@dynamatics.net)

**Dynamatic Technologies Limited**

Dynamatic Park

Peenya Industrial Area

Bangalore 560 058

India

T: +91 80 2839 4933 / 34 / 35

[www.dynamatics.net](http://www.dynamatics.net)

CIN: L72200KA1973PLC002308