

DYNAMATIC TECHNOLOGIES LIMITED

Q4 and Full Year FY2019 **EARNINGS** PRESENTATION



HYDRAULICS



AEROSPACE & DEFENCE



AUTOMOTIVE



DYNAMATIC TECHNOLOGIES LIMITED

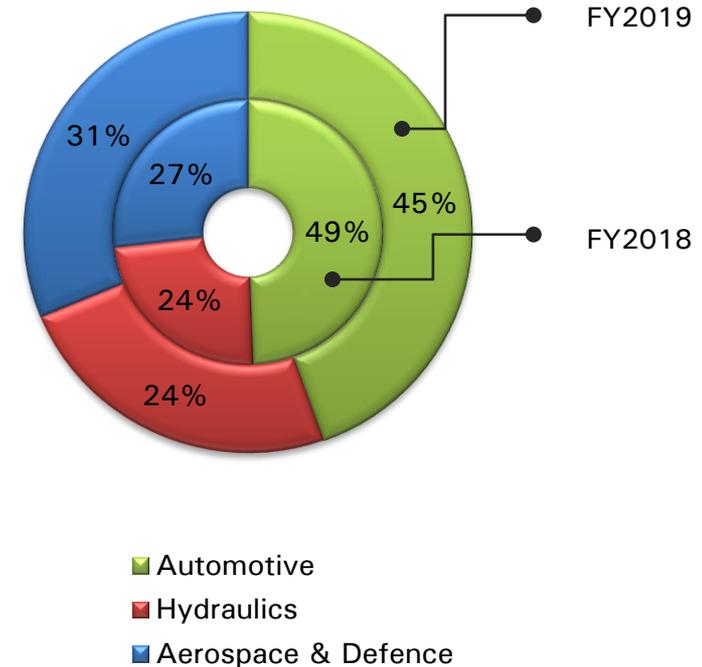


FY2019 PERFORMANCE HIGHLIGHTS

Highlights FY2019 vs. FY2018

- Net Revenue of Rs. 15,003 mn; up 13.6% from Rs. 13,211 mn in FY18
 - Aerospace & Defence segment revenue of Rs. 4,689 mn; up 31.6% from Rs. 3,564 mn
 - Hydraulics segment revenue of Rs. 3,631 mn; up 15.1% from Rs. 3,155 mn
 - Automotive segment revenue of Rs. 6,683 mn; up by 1.9% from Rs. 6,556 mn
- EBITDA of Rs. 1,752 mn; up 25.4% from Rs. 1,398 mn in FY18
 - EBITDA margin of 11.7%; up 110 bps
- PAT of Rs. 312 mn; up by 158.8% from Rs. 120 mn in FY18

FY2019 Revenue Breakup



Note:

1. The result / numbers are presented excluding Discontinued operations



DYNAMATIC TECHNOLOGIES LIMITED



PERFORMANCE HIGHLIGHTS

Management Commentary

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

“Building on the momentum created since the beginning of FY2019, Dynamatic continued to deliver robust performance through the year. Revenue for FY2019 increased by 13.6% y-o-y. This performance was largely attributable to a strong 31.6% y-o-y growth in the Aerospace & Defence division as a result of ramp up and delivery of our order book. Hydraulic business segment maintained its traction driven by improved sentiments across farming and construction equipment sectors with revenue growth of 15.1%. Overall, Dynamatic’s performance during FY2019 has been a result of the strategic initiatives undertaken over the last couple of years.

As we head into the new financial year, we are excited about some positive developments in the business. Conversion of our Aerospace division into an export oriented unit (EOU) is expected to contribute to the overall efficiency of this division. We anticipate lower working capital requirements due to exemption from GST. This will also result in lower administrative requirement and faster processing for imports. Our EOU status will also add to our reputation in the industry and the export community.

Dynamatic as a single source supplier with Bell Helicopter has seen a significant increase in volume for the Bell 407. This growth trend is expected to continue in FY2020 as well. Customer has expressed this complex transfer as one of the most successful transition they have done seamlessly and have rated Dynamatic as their strategic partner.

Earlier this month Dynamatic also signed a long term contract up to 2023 with Boeing Defense for the supply of Aft Pylon and Cargo Ramp for Chinook CH-47. This contract is an extension of the existing program where Dynamatic is supplying to global requirements as single source outside of Boeing. Additional orders on the Boeing P8 for Power & Mission cabinets for the India P8-I Options will also drive volumes for the year.

In an effort to maximize value to shareholder, the Company has decided to demerge the automotive and metallurgy related business segment into a separate entity. This segment has different risks/rewards and the demerger would enable shareholders to reap the benefits thereof by having ownership in the two distinct entities.”

DYNAMATIC TECHNOLOGIES LIMITED



FINANCIAL PERFORMANCE SUMMARY

Consolidated Performance Highlights

Rs. Million	Q4		y-o-y Growth (%)	Q3 FY19	q-o-q Growth (%)	Full Year		y-o-y Growth (%)
	FY19	FY18				FY19	FY18	
Revenue (Net of Excise Duty)	3,849	3,720	3.4%	3,666	5.0%	15,003	13,211	13.6%
EBITDA	474	478	(0.7)%	439	8.1%	1,752	1,398	25.4%
<i>Margin (%)</i>	12.3%	12.8%		12.0%		11.7%	10.6%	
Profit Before Tax (PBT)	155	182	(14.7)%	102	51.7%	537	238	125.5%
Profit After Tax (PAT)	93	124	(25.6)%	57	62.3%	312	120	158.8%
<i>Margin (%)</i>	2.4%	3.3%		1.6%		2.1%	0.9%	
Basic EPS (Rs.)	14.59	19.62		8.99		49.15	18.99	

- FY2019 revenues from Aerospace & Defence and Hydraulics segments increased by 31.6% and 15.1%, respectively on a y-o-y basis
- Revenues from Automotive segment for FY2019 increased by 1.9% on a y-o-y basis
- EBITDA for Aerospace & Defence and Hydraulics segments in FY2019 increased by 43.5% and 12.1%, respectively on y-o-y basis, driven largely by strong order book execution
- FY2019 overall EBITDA increased by 25.4% y-o-y with margin expansion of 110 bps to 11.7% driven by facilities ramp up and resource optimization

Note:

1. The result / numbers are presented excluding Discontinued operations



PERFORMANCE HIGHLIGHTS

Foreign Exchange Fluctuation

Exchange Rate	Q4 F2019	Q4 FY2018	Impact	Impact %	Q3 FY2019	Impact	Impact %
EURO vs. INR	80.9	74.3	5.5	7.3%	81.2	(0.3)	(0.3)%
GBP vs. INR	91.7	84.2	6.3	7.3%	91.7	0.0	-
USD vs. INR	69.9	64.5	5.4	8.4%	69.7	0.2	0.3%

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

Particulars	Q4 FY2019 vs. Q4 FY2018				Q4 FY2019 vs. Q3 FY2019			
	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)	10.0	4.5	8.9	23.4	(0.5)	0.0	0.2	(0.3)
EBITDA (Rs. mn)	0.6	0.3	8.9	9.8	(0.0)	0.0	0.2	0.2

- On a constant currency basis, Q4 FY2019 revenue, if adjusted for a foreign exchange impact of Rs. 23.4 mn would be Rs. 3,825 mn (representing a growth of 2.8% compared to 5.0% before adjustment)
- On a constant currency basis, Q4 FY2019 EBITDA, if adjusted for a foreign exchange impact of Rs. 9.8 mn would be Rs. 464 mn (compared to Rs. 474 mn before adjustment)
- 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



DYNAMATIC TECHNOLOGIES LIMITED

AEROSPACE AND DEFENCE SEGMENT

Financial Overview

Rs. Million	Q4		y-o-y	Q3	q-o-q	Full Year		y-o-y
	FY19	FY18	Growth (%)	FY19	Growth (%)	FY19	FY18	Growth (%)
Revenue	1,232	1,010	22.0%	1,198	2.9%	4,689	3,564	31.6%
EBITDA	286	243	18.0%	316	(9.3)%	1,168	814	43.5%
Margin (%)	23.2%	24.0%		26.4%		24.9%	22.9%	

Performance Overview

- Continuing order book execution and delivery led to substantial revenue growth in FY2019, in particular, ramp up of orders for Bell Helicopters
- **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 and APQP concepts. Conversion of Aerospace division into EOU will further drive business efficiencies
- **Strategy:** Enhancing capability in large aero-structure assemblies, composites and high precision aero-structure design and engineering



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HYDRAULICS SEGMENT

Financial Overview

Rs. Million	Q4		y-o-y	Q3	q-o-q	Full Year		y-o-y
	FY19	FY18	Growth (%)	FY19	Growth (%)	FY19	FY18	Growth (%)
Revenue	934	867	7.7%	891	4.8%	3,631	3,155	15.1%
EBITDA	118	122	(3.3)%	104	13.4%	416	371	12.1%
Margin (%)	12.6%	14.1%		11.7%		11.4%	11.7%	

Performance Overview

- Hydraulics segment continued its strong performance during FY2019 with both Agri Sector (farm mechanisation – tractors & harvester combines) and construction industry growing (off highway vehicles) at a strong rate globally
- Margins remained relatively stable on account of product mix changes in India. We expect to see similar results from our UK operations in the coming year
- Outlook:** Tractor production continues to grow due to positive sentiments in both farming sector and construction activities. Tractors are increasingly being used as a multi utility vehicle for haulage and construction activities further driving growth
- 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

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AUTOMOTIVE SEGMENT

Financial Overview

Rs. Million	Q4		y-o-y	Q3	q-o-q	Full Year		y-o-y
	FY19	FY18	Growth (%)	FY19	Growth (%)	FY19	FY18	Growth (%)
Revenue	1,682	1,843	(8.7)%	1,577	6.7%	6,683	6,556	1.9%
EBITDA	98	126	(22.3)%	39	149.9%	251	257	(2.3)%
Margin (%)	5.8%	6.8%		2.5%		3.8%	3.9%	

Performance Overview

- With a focus on margin expansion, low margin products rationalization continued during the period. New order execution in India resulted in topline growth across the business division. This is a result of volume growth from investments made by the Company in the new product development
- **Outlook:** Ramp up of new orders in India started during the year, with benefit to be derived in the coming quarters. Successfully completed the divestment of the Auto division (i.e. aluminium business within the auto division)
- **Strategy:** Focus on high margin product mix, exports, ramp-up of existing products, performance-critical components, customer diversification and capacity utilization

Note: Segmental revenue adjusted for excise duty
The result / numbers are presented excluding Discontinued operations



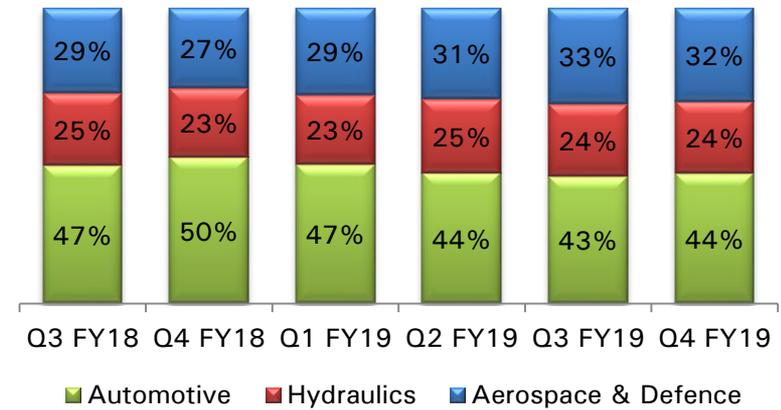
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QUARTERLY FINANCIAL TRENDS

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



Segment Wise Revenue Contribution



EBITDA (Rs. mn) and Margin (%)



Note:

1. The result / numbers are presented excluding Discontinued operations

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QUARTERLY FINANCIAL TRENDS

Capital Structure

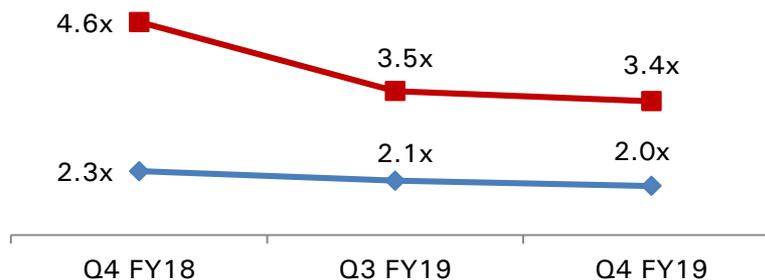
(Rs. million)	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019
Long Term Borrowings	4,772	4,667	4,521	4,432
Short Term Borrowings	2,256	2,393	2,281	2,160
Total Debt	7,028	7,061	6,802	6,592
Less: Cash & Cash Equivalents	381	392	595	679
Net Debt	6,647	6,669	6,207	5,913
Net Worth	3,138	3,352	3,220	3,249

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



Note: Interest Coverage ratio = Operating Profit / Interest Expense

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



Note: The result / numbers are presented excluding Discontinued operations

◆ Debt/Equity ■ Net Debt/LTM EBITDA

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
- 5 out of 10 Directors Independent



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DYNAMATIC OVERVIEW

Combination of Stable and High Growth Businesses

AUTOMOTIVE

45% of FY19 Revenue

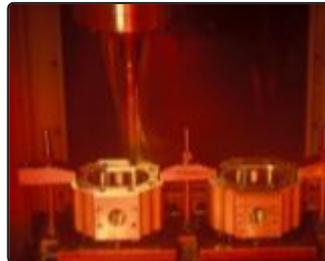


- Ferrous and non-ferrous automotive components including engine, transmission, turbocharger and chassis parts
- Metallurgical ferrous and aluminium castings

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

HYDRAULICS

24% of 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

31% of FY19 Revenue



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

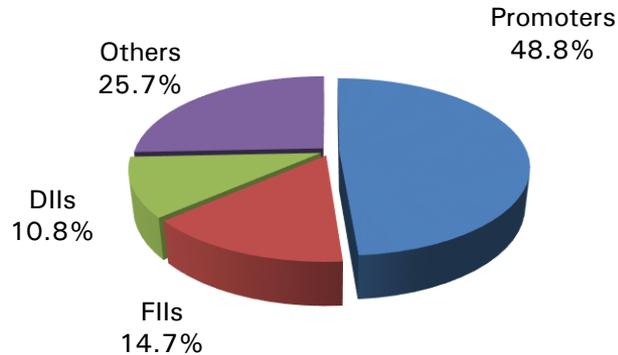
- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL



DYNAMATIC TECHNOLOGIES LIMITED

BLUE CHIP INVESTOR BASE

Shareholding Structure



Key Institutional Investors

- Samena Capital
- 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	Jun-18	Sep-18	Dec-18	Mar-19
Promoters	50.2%	50.2%	50.2%	48.8%
FII's	15.2%	13.4%	13.4%	14.7%
DII's	10.9%	10.8%	10.8%	10.8%
Others	23.8%	25.6%	25.6%	25.7%
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)

Profit & Loss Statement (Rs. million)	FY19	FY18	FY17
Revenues			
Net Sales / Income from Operations (Net of Excise Duty)	15,003	13,211	13,997
Other Operating Income	-	-	-
Total Revenues	15,003	13,211	13,997
Expenses			
Cost of Raw Materials Consumed	7,741	6,738	7,231
Changes in Inventories of Finished Goods, WIP and Stock in Trade	(67)	(14)	(35)
Employee Benefit Expenses	2,539	2,384	2,484
Other Expenditure	3,038	2,705	2,993
Total expenses excluding D&A	13,251	11,813	12,673
Operating Profit (EBITDA)	1,752	1,398	1,324
Depreciation and Amortization Expenses	493	473	564
EBIT	1,260	925	759
Other Income	72	58	58
Finance Costs	795	744	744
PBT - Pre Exceptional	537	238	73
Exceptional Item	0	0	0
PBT	537	238	73
Tax Expenses	226	118	66
PAT	312	120	7
Basic EPS (Rs)	49.15	18.99	1.14
Margins (%)			
Gross Margins	48.8%	49.1%	48.6%
EBITDA margins	11.7%	10.6%	9.5%
PAT margins	2.1%	0.9%	0.1%
Y-o-Y Growth (%)			
Total Revenues	13.6%	(5.6)%	
EBITDA	25.4%	5.6%	
PAT	158.8%	nm	

Note: The result / numbers are presented excluding Discontinued operations



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

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

Profit & Loss Statement (Rs. million)	Q4FY19	Q3FY19	Q4FY18
Revenues			
Net Sales / Income from Operations (Net of Excise Duty)	3,849	3,666	3,720
Other Operating Income	-	-	-
Total Revenues	3,849	3,666	3,720
Expenses			
Cost of Raw Materials Consumed	1,913	1,891	1,996
Changes in Inventories of Finished Goods, WIP and Stock in Trade	14	(65)	(154)
Employee Benefit Expenses	610	653	631
Other Expenditure	838	748	769
Total expenses excluding D&A	3,375	3,227	3,243
Operating Profit (EBITDA)	474	439	478
Depreciation and Amortization Expenses	117	123	108
EBIT	357	316	370
Other Income	9	(12)	10
Finance Costs	211	201	198
PBT - Pre Exceptional	155	102	182
Exceptional Item	0	0	0
PBT	155	102	182
Tax Expenses	63	45	58
PAT	93	57	124
Basic EPS (Rs)	14.59	8.99	19.62
Margins (%)			
Gross Margins	49.9%	50.2%	50.5%
EBITDA margins	12.3%	12.0%	12.8%
PAT margins	2.4%	1.6%	3.3%
Y-o-Y Growth (%)			
Total Revenues	3.4%		
EBITDA	(0.7)%		
PAT	(25.6)%		

Note: The result / numbers are presented excluding Discontinued operations



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Balance Sheet – Assets

Balance Sheet (Rs. million)	Mar-19	Sep-18	Mar-18
Assets			
Non-current assets			
Property, plant and equipment	5,259	5,516	6,702
Capital work in progress	56	47	82
Goodwill	925	987	951
Intangible assets	254	266	274
Financial assets			
Investments	3	6	6
Loans	115	160	129
Other financial assets	2	2	2
Income tax assets	63	-	2
Other non-current assets	45	42	48
	6,723	7,025	8,196
Current assets			
Inventories	2,808	2,838	2,831
Financial assets			
Trade receivables / sundry debtors	2,294	1,932	1,861
Cash and cash equivalents	371	164	399
Bank balance other than cash	308	228	228
Other financial assets	-	11	-
Loan	41	31	30
Income tax assets (net)	-	-	-
Other current assets	546	759	646
Total current assets	6,368	5,963	5,994
Disposal Group Assets - Held for Sale	758	1,323	
Total assets	13,848	14,310	14,189



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Balance Sheet – Liabilities

Balance Sheet (Rs. million)	Mar-19	Sep-18	Mar-18
EQUITY and LIABILITIES			
Shareholders Fund			
Share capital	63	63	63
Reserves and surplus	3,186	3,288	3,075
Money Received against Share Warrants	-	-	-
Non-controlling interest (Preference capital)	-	-	-
Total Shareholders Fund	3,249	3,352	3,138
Non-Current Liabilities			
Financial liabilities			
Borrowings	3,958	4,033	4,287
Other financial liabilities	10	37	33
Deferred Tax Liabilities (net)	345	228	251
Other Long Term Liabilities	-	4	10
Long Term Provisions	200	148	167
Total Non-Current Liabilities	4,513	4,451	4,748
Current Liabilities			
Financial liabilities			
Borrowings	2,160	2,315	2,209
Trade Payables	2,767	2,271	2,631
Other Financial Liabilities	825	1,011	1,062
Other Current Liabilities	168	118	180
Income Tax Liabilities (net)	42	246	113
Short-Term Provisions	116	108	108
Total Current Liabilities	6,078	6,068	6,303
Disposal Group Liabilities - Directly Associated with Assets Held for Sale	8	440	
TOTAL EQUITY AND LIABILITIES	13,848	14,310	14,189



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 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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