

DYNAMATIC TECHNOLOGIES LIMITED

Q1 FY2021 **EARNINGS**
PRESENTATION



Hydraulics



Aerospace



Automotive





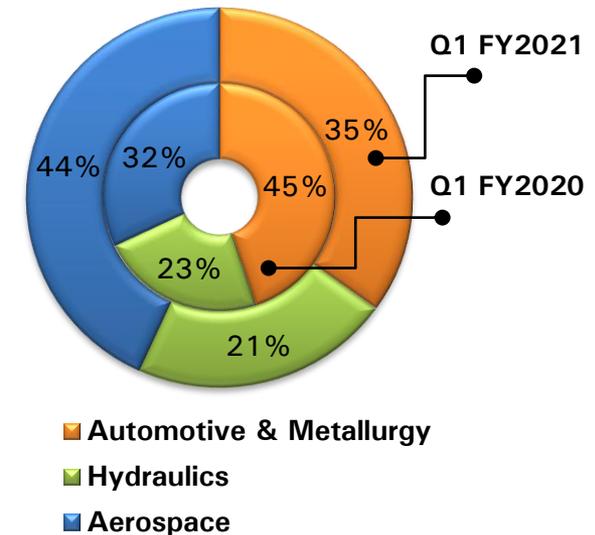
DYNAMATIC TECHNOLOGIES LIMITED

Q1 FY2021 PERFORMANCE HIGHLIGHTS

Highlights Q1 FY2021 vs. Q1 FY2020

- Net Revenue of Rs.1,910 mn; down 49.0% from Rs.3,747 mn Q1 FY20
 - Aerospace segment revenue of Rs.813 mn; down 32.2% from Rs.1,198 mn
 - Hydraulics segment revenue of Rs.406 mn; down 53.2% from Rs.868 mn
 - Automotive & Metallurgy segment revenue of Rs.691 mn; down by 58.9% from Rs.1,681 mn
- EBITDA of Rs.184 mn; down 68.0% from Rs.573 mn in Q1 FY20
 - EBITDA margin of 9.6%; down 570 bps
- PAT of Rs.(169) mn, from Rs.102 mn in Q1 FY20

Q1 FY2021 Revenue Breakup





DYNAMATIC TECHNOLOGIES LIMITED

PERFORMANCE HIGHLIGHTS

Management Commentary

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

The COVID-19 pandemic continued to create unprecedented challenges for the global economy. Overall, all our business segments were adversely impacted at different degrees due to various lockdowns and the resultant economic impact was felt across geographies. While we faced partial lockdowns in UK and Germany, the entire value chain was impacted with both suppliers and customers closing down due to spikes in infection. Since Aerospace and Defense was declared 'crucial and essential infrastructure' in North America and Europe, we continued to run to the extent possible with strict health and safety protocols in place.

In India a total lockdown was imposed, and in order to support our global Aerospace customers, we were able to get Government approvals to run the Aerospace vertical as an 'essential service'. As a consequence this sector continued to perform during an otherwise bleak period. We worked closely with the Government of Karnataka and leading Scientists to establish robust screening and bio-security protocols to protect our workforce thereby enabling business continuity. Furthermore, the Company has also taken a conscious decision to protect its employees from the pandemic, and has provided work-from-home options to our employees and only essential staff who are involved in the manufacturing processes have been working on site.

During the lockdown, Dynamatic Engineers developed low cost interventions to support the Government's initiatives to fight Covid-19. Dynamatic has started a new division called "Dynamatic Medical", for medical devices such as resuscitators / ventilators and other allied devices. The Company has already initiated ISO 13485 certification for this purpose. This pivot will also enable the birth of a sustainable long-term business vertical that leverages the company's expertise.

Going forward, we are closely monitoring segments where we operate globally and are taking appropriate steps to minimize the impact on our business. The government focus on agriculture and Atmanirbhar Bharat scheme for the defence sector is anticipated to benefit our Hydraulics and Aerospace segments. Across the world we are witnessing a bounce in demand for our products as people go back to work with safety protocols.



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COVID-19 **IMPACT, RESPONSE AND OUTLOOK**

Impact

- Aerospace division started operations in first week April as it was classified under essential services and other divisions resumed in May
- We have been operating at minimal capacity during the lockdown and from June 2020 we have seen a recovery with the Aerospace segment operating at ~80%, Hydraulics at ~85% and the Automotive segment at ~60% levels

Response

- During the lockdown, only critical employees were required to come to the factory and it was ensured that all requisite precautions were in place. Based on the nature of work, a large number of employees were allowed to work from home to the extent possible
- All employees were tested and made aware of all necessary precautions that were to be taken and expected of them
- No outsiders are permitted on the premises and all employees are frequently tested
- All of the Company premises have been strictly adhering to all the safety protocols related to Covid-19 as per government guidelines
- In an effort to support the government to fight Covid-19, the Company has started a Medical division for the supply of low cost ventilators and test kits

Outlook

- Defence aerospace industry continues to see robust demand trend. Atmanirbhar Bharat scheme for the defence sector will be a bonus for the aviation sector. The civil aviation sector came to a grinding halt during the pandemic and continues to be adversely impacted
- Domestic tractor sales is expected to benefit from the recent government stimulus packages and increasing rural demand due to better monsoon expectations. Furthermore, opening of economy and resumption of infrastructure related activities is expected to drive demand for off highway vehicles. Farm Mechanisation will see positive growth due to the Atmanirbhar mission
- Auto industry has seen a downturn even before the pandemic. However, May 2020 industry volumes experienced some green shoots and the sector will see partial growth in the near future

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FINANCIAL PERFORMANCE SUMMARY

Consolidated Performance Highlights

Rs. Million	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY21	FY20		FY20	
Revenue	1,910	3,747	(49.0)%	3,182	(40.0)%
EBITDA	184	573	(68.0)%	404	(54.6)%
<i>Margin (%)</i>	<i>9.6%</i>	<i>15.3%</i>		<i>12.7%</i>	
Profit Before Tax (PBT)	(205)	165	<i>nm</i>	48	<i>nm</i>
Profit After Tax (PAT)	(169)	102	<i>nm</i>	253	<i>nm</i>
<i>Margin (%)</i>	<i>nm</i>	<i>2.7%</i>		<i>8.0%</i>	
Basic EPS (Rs.)	(26.72)	16.03	<i>nm</i>	39.94	<i>nm</i>

- Q1 FY2021 revenues from the Aerospace segment decreased by 29.3%, Automotive & Metallurgy decreased by 59.2% and the Hydraulics segment decreased by 53% on a y-o-y basis
- Q1 FY2021 EBITDA decreased by 68% y-o-y with margin of 9.6%



PERFORMANCE HIGHLIGHTS

Foreign Exchange Fluctuation

Exchange Rate	Q1 FY2021	Q1 FY2020	Impact	Impact %	Q4 FY2020	Impact	Impact %
EURO vs. INR	83.6	78.2	5.5	7.0%	78.8	4.9	6.2%
GBP vs. INR	94.2	89.4	4.8	5.3%	90.1	4.1	4.6%
USD vs. INR	75.9	69.6	6.3	9.1%	70.9	5.0	7.0%

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

Particulars	Q1 FY2021 vs. Q1 FY2020				Q1 FY2021 vs. Q4 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)	41.4	18.8	47.2	107.4	36.9	16.1	37.6	90.6
EBITDA (Rs. mn)	2.8	(1.8)	28.3	29.3	2.5	(1.5)	22.5	23.5

- On a constant currency basis, Q1 FY2021 revenue, if adjusted for a foreign exchange impact of Rs.107.4 mn would be Rs.1,803 mn (representing a decline of 51.8% compared to a decline of 49.0% before adjustment).
- On a constant currency basis, Q1 FY2021 EBITDA, if adjusted for a foreign exchange impact of Rs.29.3 mn would be Rs.155 mn (compared to Rs.184 mn before adjustment).
- The Company has exposure to EUR, GBP and USD. The impact from transactions of all currencies were favorable on a Y-o-Y basis.

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AEROSPACE SEGMENT

Financial Overview

Rs. Million	Q1		y-o-y	Q4	q-o-q
	FY21	FY20	Growth (%)	FY20	Growth (%)
Revenue	813	1,198	(32.2)%	1,264	(35.7)%
EBITDA	250	382	(34.5)%	361	(30.7)%
Margin (%)	30.8%	31.9%		28.6%	

Performance Overview

- During Q1 FY2021, operations for aerospace segment had minimal impact due to Covid-19 lockdowns as it was classified under essential services. The quarter was challenging for civil aviation sector but the impact was offset by relatively stronger performance for the defense sector
- **Outlook:** Demand is expected to be driven by the defense aviation sector which will not face any material impact in the short to medium term. The performance of civil aviation sector is expected to remain subdued during the year and is anticipated to pickup towards the end of this fiscal year. Atmanirbhar Bharat scheme for the defence sector will also prove to be beneficial. The Company won orders from the Indian Defence PSUs which will help in mitigating the slowdown in Civil Aviation
- **Strategy:** Enhancing capability in large aero-structure assemblies, high precision aero-structure manufacturing, design and engineering



HYDRAULICS SEGMENT

Financial Overview

Rs. Million	Q1		y-o-y <i>Growth (%)</i>	Q4 FY20	q-o-q <i>Growth (%)</i>
	FY21	FY20			
Revenue	406	868	(53.2)%	651	(37.7)%
EBITDA	(11)	108	<i>nm</i>	15	<i>nm</i>
<i>Margin (%)</i>	<i>nm</i>	12.5%		2.3%	

Performance Overview

- Hydraulics segment revenue growth was impacted by the overall global slowdown and the pandemic led lock downs
- Outlook:** Good monsoon season coupled with increasing demand for after sales service would drive the growth for the tractor industry. Atmanirbhar mission and government focus on enhancing farmer revenues is anticipated to create new growth opportunities for the farm mechanisation sector
- 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

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AUTOMOTIVE AND METALLURGY SEGMENT

Financial Overview

Rs. Million	Q1		y-o-y Growth (%)	Q4 FY20	q-o-q Growth (%)
	FY21	FY20			
Revenue	691	1,681	(58.9)%	1,264	(45.3)%
EBITDA	(55)	125	<i>nm</i>	67	<i>nm</i>
Margin (%)	<i>nm</i>	7.4%		5.3%	

Performance Overview

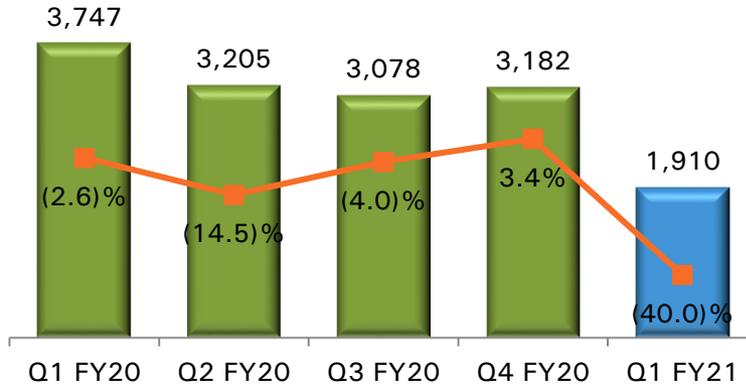
- Automotive and Metallurgy segment topline growth was subdued due to the slowdown in the global and domestic auto industry
- **Outlook:** Increased shift in production facilities from China to Europe is expected to help improve product base and in turn improve business. Product rationalization is expected to benefit the profitability and growth in the coming quarters.
- The auto sector has shown signs of partial recovery after a series of setbacks led by a slowdown globally and the pandemic. The end of the first quarter witnessed some green shoots as compared to the previous months. This provides a positive outlook for the gradual recovery of the sector in the near to medium term
- **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



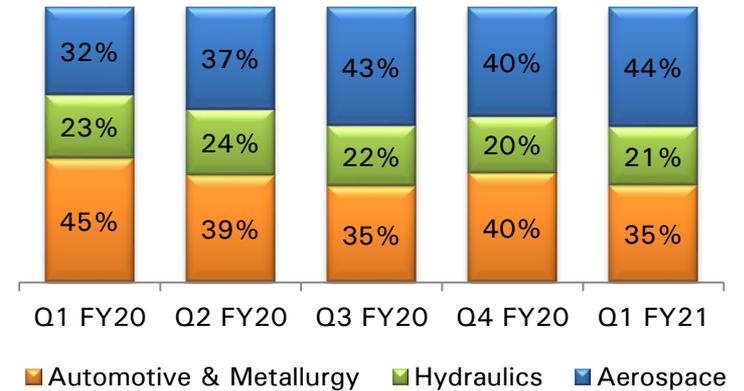
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QUARTERLY FINANCIAL TRENDS

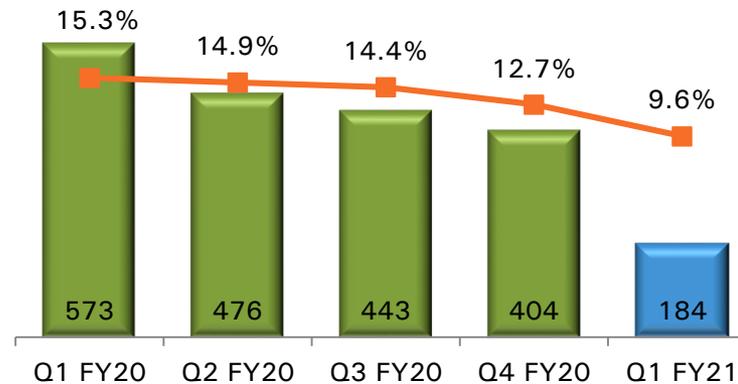
Revenue (Rs. mn) and Growth % (Q-o-Q)



Segment Wise Revenue Contribution



EBITDA (Rs. mn) and Margin (%)





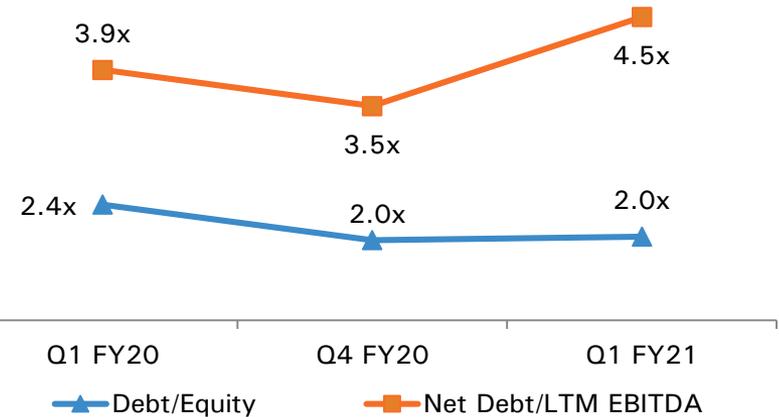
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QUARTERLY FINANCIAL TRENDS

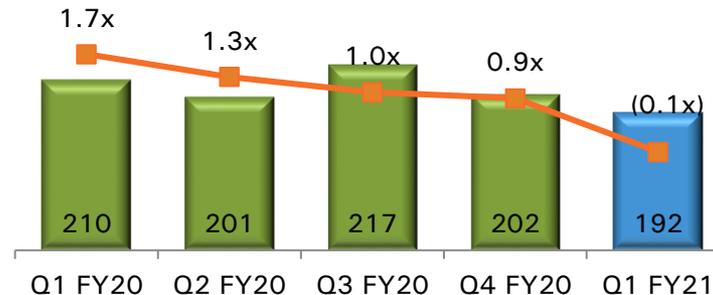
Capital Structure

(Rs. million)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Long Term	4,300	3,975	3,905	3,876	3,922
Short Term	2,276	2,324	2,347	2,200	2,084
Operating Lease	1,353	1,416	1,430	1,353	1,295
Total Debt	7,929	7,715	7,682	7,429	7,301
Less: Cash & Cash Equivalents	509	407	510	830	569
Net Debt	7,420	7,308	7,172	6,599	6,732
Net Worth	3,324	3,357	3,594	3,731	3,598

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



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



Note:

1. Interest Coverage ratio = Operating Profit / Interest Expense 11

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 45 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 and the UK 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



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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 21 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 are Independent



DYNAMATIC TECHNOLOGIES LIMITED

DYNAMATIC OVERVIEW

Combination of Stable and High Growth Businesses

AEROSPACE

44% of Q1 FY21 Revenue



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

- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL

AUTOMOTIVE & METALLURGY

35% of Q1 FY21 Revenue

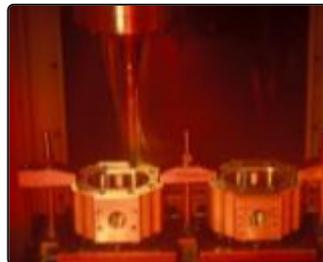


- Ferrous automotive components including engine, transmission, turbocharger and chassis parts
- Metallurgical ferrous and aluminium castings

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

HYDRAULICS

21% of Q1 FY21 Revenue



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

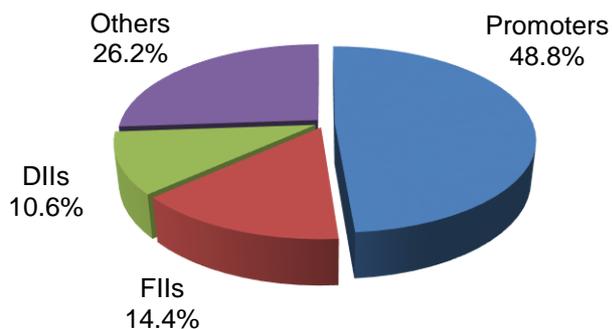
- Cummins
- Eicher
- Escorts
- John Deere
- Mahindra & Mahindra
- New Holland
- Same Deutz-Fahr

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BLUE CHIP INVESTOR BASE

Shareholding Structure



Shareholding Pattern Trend

Shareholders	Sep-19	Dec-19	Mar-20	Jun-20
Promoters	48.8%	48.8%	48.8%	48.8%
FIIIs	14.9%	14.9%	14.8%	14.4%
DIIIs	10.8%	10.6%	10.6%	10.6%
Others	25.5%	25.7%	25.8%	26.2%
Total	100.0%	100.0%	100.0%	100.0%

Key Institutional Investors

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

Profit & Loss Statement (Rs. million)	Q1 FY20	Q4 FY20	Q1 FY21
Revenues			
Net Sales / Income from Operations	3,747	3,182	1,910
Other Operating Income	-	-	-
Total Revenues	3,747	3,182	1,910
Expenses			
Cost of Raw Materials Consumed	1,775	1,608	675
Changes in Inventories of Finished Goods, WIP and Stock in Trade	103	(123)	149
Employee Benefit Expenses	648	634	510
Other Expenditure	648	660	393
Total expenses excluding D&A	3,173	2,778	1,727
Operating Profit (EBITDA)	573	404	184
Depreciation and Amortization Expenses	218	230	212
EBIT	355	174	(28)
Other Income	19	76	16
Finance Costs	210	202	192
PBT - Pre -Exceptional	165	48	(205)
Exceptional Item	0	0	0
PBT	165	48	(205)
Tax Expenses	64	(206)	(34)
PAT	102	253	(169)
Basic EPS (Rs)	16.03	39.94	(26.72)
Margins (%)			
Gross Margins	49.9%	53.5%	56.3%
EBITDA margins	15.3%	12.7%	9.5%
PAT margins	2.7%	8.0%	nm
Y-o-Y Growth (%)			
Total Revenues			(48.5)%
EBITDA			(67.9)%
PAT			nm



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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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