

DYNAMATIC TECHNOLOGIES LIMITED

Q2 and H1 FY2021 **EARNINGS**
PRESENTATION



Hydraulics



Aerospace



Automotive &
Metallurgy



DYNAMATIC TECHNOLOGIES LIMITED



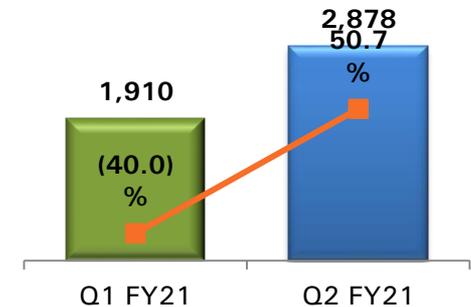
RESURGENCE POST COVID

Highlights Q2 FY2021 vs. Q1 FY2021

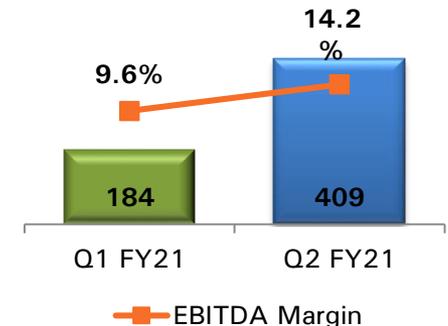
During the quarter, the company recorded a robust performance and turned profitable after having recorded net loss in Q1 FY2021 owing to the ongoing pandemic

- Net Revenue of Rs.2,878 mn; up 50.7% from Rs. 1,910 mn in Q1 FY20
 - Aerospace segment revenue of Rs. 931 mn; up 14.5% from Rs. 813 mn owing to the shift in focus towards the defense sector has helped mitigate the impact of slowdown in the civil aviation sector
 - Hydraulics segment revenue of Rs. 763 mn; up 87.9% from Rs. 406 mn benefitting from a favourable monsoon and government initiatives to assist farmers has proved beneficial to the agricultural tractor sector in India
 - Automotive & Metallurgy segment revenue of Rs. 1,171 mn; up by 69.5% from Rs. 691 mn. Improved second quarter performance of the auto industry has been advantageous to our auto segment
- EBITDA of Rs. 409 mn; up 122.3% from Rs. 184 mn in Q1 FY21. EBITDA margin of 14.2%, up 458 bps; driven predominantly by operational efficiencies
- PAT of Rs. 17 mn, from Rs. (169) mn in Q1 FY21

Revenue (Rs. mn)
Growth: 50.7% (Q-o-Q)



EBITDA (Rs. mn)
Growth: 122.3% (Q-o-Q)





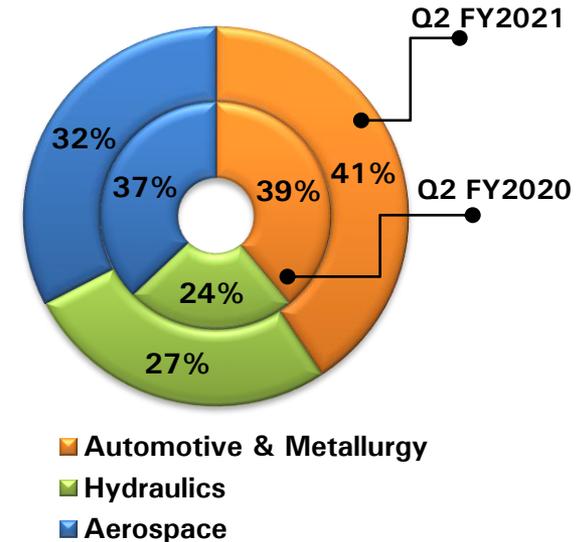
DYNAMATIC TECHNOLOGIES LIMITED

Q2 FY2021 PERFORMANCE HIGHLIGHTS

Highlights Q2 FY2021 vs. Q2 FY2020

- Net Revenue of Rs.2,878 mn; down 10.2% from Rs. 3,205 mn in Q2 FY20
 - Aerospace segment revenue of Rs. 931 mn; down 21.8% from Rs. 1,190 mn
 - Hydraulics segment revenue of Rs. 763 mn; down 0.4% from Rs. 766 mn
 - Automotive & Metallurgy segment revenue of Rs. 1,171 mn; down by 6.2% from Rs. 1,249 mn
- EBITDA of Rs. 409 mn; down 14.5% from Rs. 478 mn in Q2 FY20
 - EBITDA margin of 14.2%; down 72 bps
- PAT of Rs. 17 mn, down 75.3% from Rs. 68 mn in Q2 FY20

Q2 FY2021 Revenue Breakup





DYNAMATIC TECHNOLOGIES LIMITED

PERFORMANCE HIGHLIGHTS

Management Commentary

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

“After experiencing a sudden business disruption demand-shock during Q1 induced by COVID and lockdown globally, we are pleased to announce a smart bounce back in Q2 with consolidated sales growth of 50% QoQ. This has been driven by strong economic growth in rural India, which has positively impacted sales of our Hydraulic segment. Additionally, while sales of commercial aircraft are depressed, your company has been able to offset this to a large extent by pivoting towards defence production. The Automotive segment has also seen an uptick, and overall we are now operating at over 80% of pre-COVID levels. Based on current trends we are cautiously optimistic of continued growth notwithstanding the ongoing pandemic.

The company continues to explore various avenues and achieve new milestones through new product launches. We have built the first front fuselage for the FOC version of the ‘Tejas’ Light Combat Aircraft for Hindustan Aeronautics (HAL). This is the first time a complex fuselage section for a supersonic fighter aircraft has been built by a private sector company. Obtaining orders from Indian Defense PSUs has helped mitigate the slowdown in the Aerospace segment.

The Atmanirbhar mission for agriculture and defense provides a positive outlook for the Hydraulics and Aerospace divisions. The automotive industry has also witnessed a recovery in Q2 FY2021 and if sustained will benefit the Automotive and Metallurgy segment in the near and medium term.”

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FINANCIAL PERFORMANCE SUMMARY

Consolidated Performance Highlights

Rs. Million	Q2		y-o-y Growth (%)	Q1	q-o-q Growth (%)	H1		y-o-y Growth (%)
	FY21	FY20		FY21		FY21	FY20	
Revenue	2,878	3,205	(10.2)%	1,910	50.7%	4,789	6,952	(31.1)%
EBITDA	409	478	(14.5)%	184	122.3%	593	1,051	(43.6)%
Margin (%)	14.2%	14.9%		9.6%		12.4%	15.1%	
Profit Before Tax (PBT)	10	88	(88.5)%	(205)	nm	(195)	253	nm
Profit After Tax (PAT)	17	68	(75.3)%	(169)	nm	(153)	170	nm
Margin (%)	0.6%	2.1%		nm		nm	2.4%	
Basic EPS (Rs.)	2.67	10.74	(75.1)%	(26.72)	nm	(24.05)	26.77	nm

- Q2 FY2021 revenues from the Aerospace segment decreased by 21.8%, Automotive & Metallurgy segment decreased by 6.2% and the Hydraulics segment decreased by 0.4% on a y-o-y basis
- Q2 FY2021 EBITDA decreased by 14.5% y-o-y with margin of 14.2%



PERFORMANCE HIGHLIGHTS

Foreign Exchange Fluctuation

Exchange Rate	Q2 FY2021	Q2 FY2020	Impact	Impact %	Q1 FY2021	Impact	Impact %
EURO vs. INR	85.4	78.2	7.2	9.2%	83.6	1.8	2.1%
GBP vs. INR	95.1	88.1	7.1	8.0%	94.2	0.9	1.0%
USD vs. INR	75.1	70.0	5.1	7.3%	75.9	-0.8	(1.0)%

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

Particulars	Q2 FY2021 vs. Q2 FY2020				Q2 FY2021 vs. Q1 FY2021			
	Erla	DL UK	DTL	Total Impact	Erla	DL UK	DTL	Total Impact
<i>Currency</i>	EURO	GBP	USD		EURO	GBP	USD	
Revenue (Rs. mn)	81.5	28.5	52.5	162.5	19.9	3.8	(5.5)	18.2
EBITDA (Rs. mn)	2.6	(2.5)	31.5	31.6	0.6	(0.3)	(3.3)	(3.0)

- On a constant currency basis, Q2 FY2021 revenue, if adjusted for a foreign exchange impact of Rs.162.5 mn would be Rs. 2,716 mn (representing a decline of 15.3% compared to a decline of 10.2% before adjustment).
- On a constant currency basis, Q2 FY2021 EBITDA, if adjusted for a foreign exchange impact of Rs. 31.6 mn would be Rs.377 mn (compared to Rs. 409 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	Q2		y-o-y	Q1	q-o-q	H1		y-o-y
	FY21	FY20	Growth (%)	FY21	Growth (%)	FY21	FY20	Growth (%)
Revenue	931	1,190	(21.8)%	813	14.5%	1,744	2,388	(27.0)%
EBITDA	304	415	(26.7)%	250	21.6%	554	797	(30.5)%
Margin (%)	32.7%	34.9%		30.8%		31.8%	33.4%	

Performance Overview

- The civil aviation sector continued to witness challenges due to the global pandemic, however the impact was offset by a stronger performance in the defense sector
- **Outlook:** Demand is expected to be driven by the defense aviation sector which will not face any material impact in the near to medium term.
- The company has built the first front fuselage of the 'Tejas' Light Combat Aircraft for HAL. This is the first time a complex fuselage section for a supersonic fighter aircraft has been built by a private sector company
- **Strategy:** Enhancing capability in large aero-structure assemblies, high precision aero-structure manufacturing, design and engineering



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HYDRAULICS SEGMENT

Financial Overview

Rs. Million	Q2		y-o-y	Q1	q-o-q	H1		y-o-y
	FY21	FY20	Growth (%)	FY21	Growth (%)	FY21	FY20	Growth (%)
Revenue	763	766	(0.4)%	406	87.9%	1,169	1,634	(28.5)%
EBITDA	89	59	50.8%	(11)	nm	78	167	(53.4)%
Margin (%)	11.7%	7.7%		(2.7)%		6.7%	10.2%	

Performance Overview

- Hydraulics segment revenue growth has recovered from the impact of the pandemic and is returning to the pre-Covid levels. The operational capacity is currently at 80%.
- Healthy monsoon and good scatter, pro farmer measures and lower base has resulted in increased demand for Agricultural tractors in India . We are witnessing growth in demand in US and Europe as well after a subdued year.
- **Outlook:** The overall outlook remains positive and industry is likely to witness a 3~4% YoY growth on overall number of agri tractors produced and sold in India. Globally US would witness a similar growth in tractor segment though the construction sector remains flat.
- **Strategy:** Focus on catering to the increased demand, particularly aided by an increased shift to power steering tractors and hence the need for double pumps, optimize cost of operations and develop new products to increase wallet share.

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AUTOMOTIVE AND METALLURGY SEGMENT

Financial Overview

Rs. Million	Q2		y-o-y	Q1	q-o-q	H1		y-o-y
	FY21	FY20	Growth (%)	FY21	Growth (%)	FY21	FY20	Growth (%)
Revenue	1,170	1,249	(6.2)%	691	69.5%	1,861	2,930	(36.5)%
EBITDA	34	43	(20.9)%	(55)	nm	(21)	168	nm
Margin (%)	2.9%	3.4%		(8.0)%		(1.1)%	5.7%	

Performance Overview

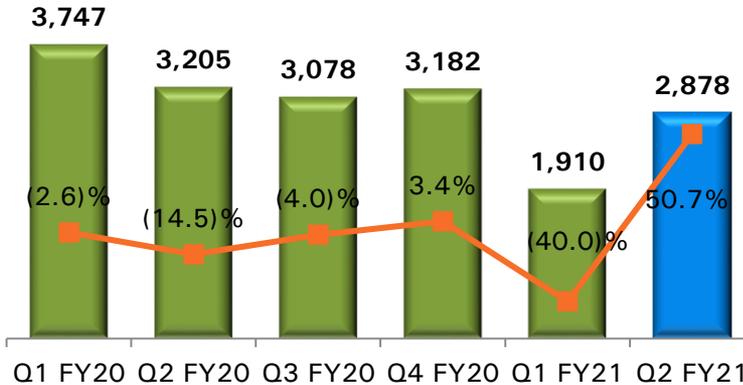
- The Automotive and Metallurgy segment topline growth has witnessed an increase relative to Q1 FY2021. The improvement in the auto industry has contributed to the gain in the segment
- **Outlook:** Increased shift in production facilities from China to Europe is expected to help improve product base. Product rationalization is expected to benefit the profitability and growth in the coming quarters.
- The second quarter provided a positive outlook for the near and medium term of the sector. There is a gradual recovery after the slowdown in the auto industry from the previous 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



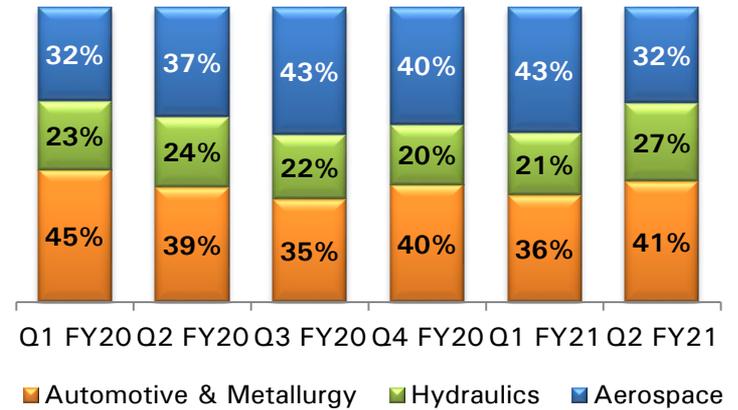
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QUARTERLY FINANCIAL TRENDS

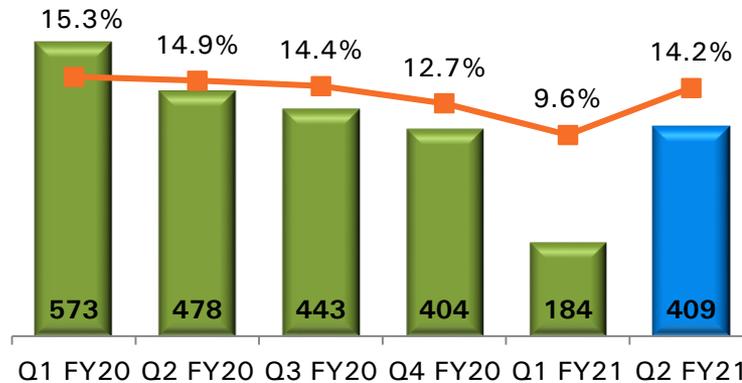
Revenue (Rs. mn) and Growth % (Q-o-Q)



Segment Wise Revenue Contribution



EBITDA (Rs. mn) and Margin (%)





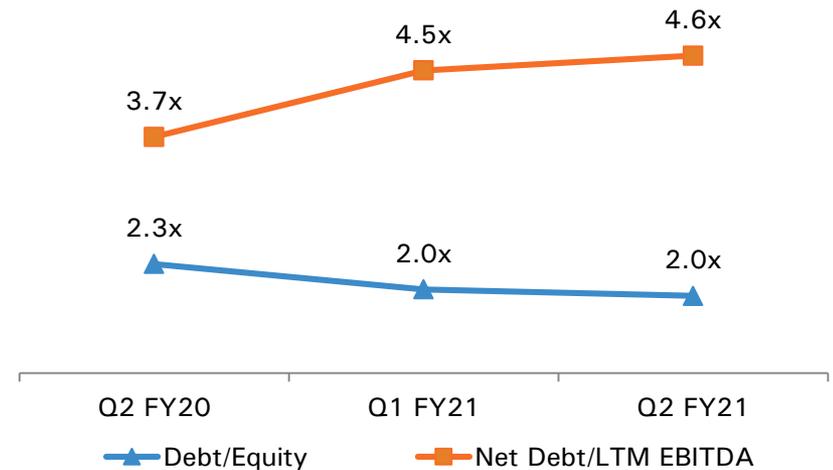
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QUARTERLY FINANCIAL TRENDS

Capital Structure

(Rs. million)	Sep-19	Mar-20	Sep-20
Long Term	3,975	3,876	3,909
Short Term	2,324	2,200	2,025
Operating Lease	1,416	1,353	1,256
Total Debt	7,715	7,429	7,190
Less: Cash & Cash Equivalents	407	830	568
Net Debt	7,308	6,599	6,622
Net Worth	3,357	3,731	3,679

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 75% 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



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 10 facilities across India (Bangalore, Chennai, Coimbatore), 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

37% of H1 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

39% of H1 FY21 Revenue

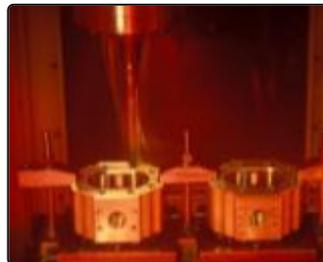


- Ferrous automotive components including engine, transmission, turbocharger and chassis parts
- Metallurgical ferrous and aluminium castings

- Audi
- BMW
- Daimler
- Ford
- Hyundai
- Nissan
- MAN
- Volkswagen
- BorgWarner

HYDRAULICS

24% of H1 FY21 Revenue



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

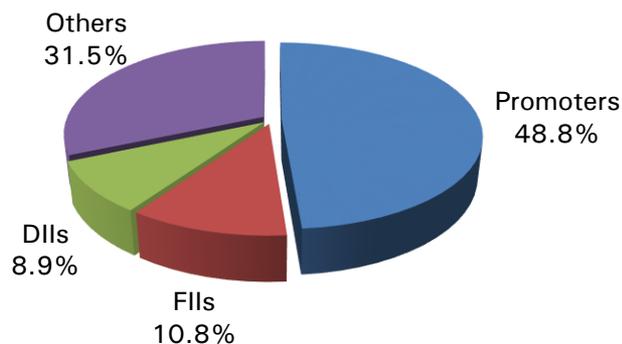
- Cummins
- Eicher
- Escorts
- John Deere
- JCB
- Mahindra & Mahindra
- New Holland
- Same Deutz-Fahr
- Terex

DYNAMATIC TECHNOLOGIES LIMITED



BLUE CHIP INVESTOR BASE

Shareholding Structure



Key Institutional Investors

- Samena Capital
- HDFC Mutual Fund
- Alchemy and Group
- Mukul Agarwal and Group
- Girish Gulati - HUF

Shareholding Pattern Trend

Shareholders	Dec-19	Mar-20	Jun-20	Sep-20
Promoters	48.8%	48.8%	48.8%	48.8%
FII	14.9%	14.8%	14.4%	10.8%
DII	10.6%	10.6%	10.6%	8.9%
Others	25.7%	25.8%	26.2%	31.5%
Total	100.0%	100.0%	100.0%	100.0%

Equity History

Year	Event	Year End 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

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

Profit & Loss Statement (Rs. million)	Q2 FY20*	Q1 FY21	Q2 FY21
Revenues			
Net Sales / Income from Operations	3,205	1,910	2,878
Other Operating Income	-	-	-
Total Revenues	3,205	1,910	2,878
Expenses			
Cost of Raw Materials Consumed	1,519	675	1,481
Changes in Inventories of Finished Goods, WIP and Stock in Trade	22	149	(121)
Employee Benefit Expenses	606	510	561
Other Expenditure	579	393	548
Total expenses excluding D&A	2,727	1,727	2,469
Operating Profit (EBITDA)	478	184	409
Depreciation and Amortization Expenses	222	212	204
EBIT	256	(28)	205
Other Income	33	16	(9)
Finance Costs	201	192	186
PBT - Pre –Exceptional	88	(205)	10
Exceptional Item	-	0	0
PBT	88	(205)	10
Tax Expenses	20	(34)	(7)
PAT	68	(169)	17
Basic EPS (Rs)	10.74	(26.72)	2.67
Margins (%)			
Gross Margins	51.9%	56.3%	52.8%
EBITDA margins	14.9%	9.5%	14.2%
PAT margins	2.1%	nm	0.6%
Y-o-Y Growth (%)			
Total Revenues			(10.2)%
EBITDA			(14.5)%
PAT			(75.1)%

Note: Unaudited Financials Statements
* Excluding discontinued operations



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Consolidated Balance Sheet – Assets

Balance Sheet (Rs. million)	Sep-19*	Mar-20	Sep-20*
Assets			
Non-current assets			
Property, plant and equipment	5,300	5,886	5,788
Capital work in progress	62	30	33
Goodwill	903	972	1,001
Intangible assets	230	234	217
Right of use assets	1,256	1,172	1,016
Financial assets			
Investments	3	3	3
Loans	121	101	96
Other financial assets	2	-	0
Income tax assets	63	100	99
Other non-current assets	7	13	7
	7,950	8,511	8,261
Current assets			
Inventories	2,551	2,650	2,685
Financial assets			
Trade receivables / sundry debtors	2,610	2,359	1,749
Cash and cash equivalents	146	560	347
Bank balance other than cash	261	270	221
Loan	50	99	150
Income tax assets (net)	-	-	-
Other current assets	517	459	502
Total current assets	6,135	6,397	5,654
Disposal Group Assets - Held for Sale	772	0	0
Total assets	14,856	14,908	13,915

Note: * Unaudited Financials Statements



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Consolidated Balance Sheet – Liabilities

Balance Sheet (Rs. million)	Sep-19*	Mar-20	Sep-20*
EQUITY and LIABILITIES			
Shareholders Fund			
Share capital	63	63	63
Reserves and surplus	3,274	3,668	3,616
Total Shareholders Fund	3,337	3,731	3,679
Non-Current Liabilities			
Financial liabilities			
Borrowings	3,677	3,577	3,393
Lease liabilities	1,155	892	813
Other Financial Liabilities	-	-	10
Deferred Tax Liabilities (net)	332	98	78
Other Long Term Liabilities	9	10	10
Long Term Provisions	226	239	234
Total Non-Current Liabilities	5,398	4,816	4,537
Current Liabilities			
Financial liabilities			
Borrowings	2,372	2,200	2,025
Trade Payables	2,472	2,746	2,022
Other Financial Liabilities	762	762	1,035
Other Current Liabilities	57	63	63
Lease Liabilities	262	461	443
Income Tax Liabilities (net)	90	32	8
Short-Term Provisions	95	97	102
Total Current Liabilities	6,109	6,360	5,698
Disposal Group Liabilities - Directly Associated with Assets Held for Sale	12	0	0
TOTAL EQUITY AND LIABILITIES	14,856	14,908	13,915

Note: * Unaudited Financials Statements



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Consolidated Cash Flow Statements

Cash Flow Statement (Rs. million)	Sep-19	Sep-20
Net cash generated from operating activities	537	487
Net cash used in investing activities	(151)	(117)
Net cash (used in)/provided by financing activities	(611)	(583)
Net increase/(decrease) in cash and cash equivalents	(225)	(213)
Cash and cash equivalents at the beginning of the period	371	560
Cash and cash equivalents at the end of the period	146	347



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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