

DYNAMATIC TECHNOLOGIES LIMITED

Q1 FY2022 **EARNINGS**
PRESENTATION



Hydraulics



Aerospace



Automotive &
Metallurgy





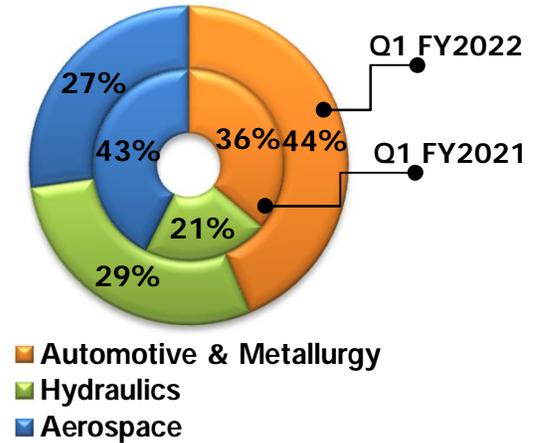
DYNAMATIC TECHNOLOGIES LIMITED

Q1 FY2022 PERFORMANCE HIGHLIGHTS

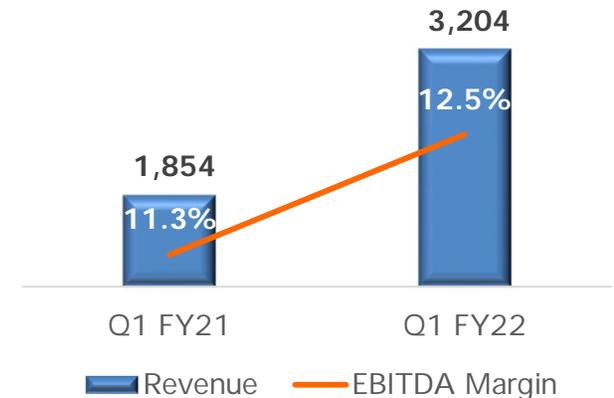
Highlights Q1 FY2022 vs. Q1 FY2021

- Revenue of Rs. 3,204 mn; up 72.8% from Rs. 1,854 mn in Q1 FY21
 - Aerospace segment revenue of Rs. 873 mn; up 7.4% from Rs. 813 mn
 - Hydraulics segment revenue of Rs. 931 mn; up 129.3% from Rs. 406 mn
 - Automotive & Metallurgy segment revenue of Rs. 1,398 mn; up by 120.2% from Rs. 635 mn
- EBITDA of Rs. 400 mn; up 90.8% from Rs. 210 mn in Q1 FY21
 - EBITDA margin of 12.5%; up 118 bps
- PAT From Continuing Operations of Rs. 58 mn, from Rs. (117) mn in Q1 FY21

Q1 FY2022 Revenue Breakup



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



Note:

1. Revenue and EBITDA refer to continuing operations
2. Previous quarters Automotive & Metallurgy segment results restated to make comparable



DYNAMATIC TECHNOLOGIES LIMITED

PERFORMANCE HIGHLIGHTS

Management Commentary

Commenting on the results, Mr. Udayant Malhoutra, CEO and Managing Director said: "We saw an improved performance during the first quarter as compared to the previous year. This growth in our topline was driven by a gradual return to a low COVID environment.

Our performance in the hydraulics and auto segments was driven by gradual recovery in the economy. Q1 FY21 faced strict lockdowns and the country was in the initial stages of dealing with the pandemic but this year the Company was better prepared to deal with pandemic related business challenges. The month of July saw the auto sector witness positive growth and was on the road to recovery. The tractor industry continues to grow substantially, and this has aided in the growth of the hydraulics segment. The Aero sector has temporarily been affected by travel restrictions and will continue to remain muted due to the lockdown and travel restrictions, although our order book remains very strong. The civil aviation sector in particular has been impacted with only bubble flights allowed to ply. The defense segment has continued to grow and has helped to reduce the impact from slowdown in the aviation sector. The recent initiatives to make India self reliant and focus on localization will aid in the growth of the industry going forward.

The asset sale of foundry business of JKM Ferrotech Limited (JFTL), situated at SIPCOT Industrial complex to Danblock Brakes India Private Limited has been concluded and the Company has received a net consideration of INR 70 crore on 22 July 2021. The net proceeds available after meeting JFTL's obligations, will be used by the Group for debt optimization and augmentation of working capital. Post-sale of the perennially loss-making Indian ferrous foundry, this segment will no longer be drag on consolidated earnings and this divestment would also improve the company's operating margins and overall credit metrics.

Although Q1 FY22 was impacted by the lockdown, the severity on economic activity was mitigated due to better management and partial reopening as compared to Q1 FY21. With the large-scale vaccination drives and gradual recovery of the economy, the medium term will witness positive growth. This, coupled with the Government schemes, Company's focus strategic initiatives, will help strengthen the outlook of the Company going forward."

DYNAMATIC TECHNOLOGIES LIMITED



FINANCIAL PERFORMANCE SUMMARY

Consolidated Performance Highlights

Rs. Million	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY22	FY21		FY21	
Revenue	3,204	1,854	72.8%	3,533	(9.3)%
EBITDA	400	210	90.8%	493	(18.8)%
Margin (%)	12.5%	11.3%		14.0%	
Profit Before Tax (PBT)	83	(152)	nm	129	(35.2)%
PAT From Continuing Operations	58	(117)	nm	42	40.2%
Margin (%)	1.8%	nm		1.2%	
Basic EPS (Rs.)	3.97	(26.72)	nm	(12.24)	nm
Consolidated PAT	25	(169)	nm	(78)	nm
Margin (%)	0.8%	nm		nm	

- Q1 FY2022 revenues from the Aerospace segment increased by 7.4%, Hydraulics segment increased by 129.3% and Automotive & Metallurgy segment increased by 120.2% on a y-o-y basis
- Q1 FY2022 EBITDA increased by 72.8% y-o-y with margin of 12.5%

DYNAMATIC TECHNOLOGIES LIMITED



PERFORMANCE HIGHLIGHTS

Foreign Exchange Fluctuation

Exchange Rate	Q1 FY2022	Q1 FY2021	Impact	Impact %	Q4 FY2021	Impact	Impact %
EURO vs. INR	88.9	83.6	5.2	6.3%	86.6	2.3	2.6%
GBP vs. INR	103.1	94.2	8.9	9.5%	97.0	6.1	6.3%
USD vs. INR	73.8	75.9	(2.1)	(2.8)%	74.2	(0.5)	(0.6)%

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

Particulars	Q1 FY2022 vs. Q1 FY2021				Q1 FY2022 vs. Q4 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)	82.5	43.8	(6.8)	119.4	35.5	29.8	3.1	68.4
EBITDA (Rs. mn)	3.8	(2.8)	(4.1)	(3.1)	1.7	(1.9)	1.9	1.6

- On a constant currency basis, Q1 FY2022 revenue, if adjusted for a foreign exchange impact of Rs. 119.4 mn would be Rs. 3,084 mn (representing a gain of 61.5% compared to a gain of 67.7% before adjustment).
- On a constant currency basis, Q1 FY2022 EBITDA, if adjusted for a foreign exchange impact of Rs. (3.1) mn would be Rs. 403.1 mn (compared to Rs. 400 mn before adjustment).
- The Company has exposure to EUR, GBP and USD. The impact from Euro and GBP transactions were favorable on a Y-o-Y basis



DYNAMATIC TECHNOLOGIES LIMITED



AEROSPACE SEGMENT

Financial Overview

Rs. Million	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY22	FY21		FY21	
Revenue	873	813	7.4%	1,087	(19.7)%
EBITDA	223	250	(11.0)%	315	(29.3)%
Margin (%)	25.5%	30.8%		29.0%	

Performance Overview

- The aerospace segment saw a slowdown due the lockdown in the months of April and May. The aviation sector has recovered as compared to Q1 FY21, where the first lockdown was underway
- **Outlook:** : Demand is expected to be driven by the defense sector and equally supported by commercial sector. With large scale vaccination drives and the gradual opening up of cross border travel, the aviation sector is expected to pick up in the second half of the year. Airbus, the largest manufacturer of Aircrafts has indicated an increase in demand starting early 2022
- **Strategy:** Enhance capability in large aero-structure assemblies, high precision aero-structure manufacturing, design and engineering



DYNAMATIC TECHNOLOGIES LIMITED



HYDRAULICS SEGMENT

Financial Overview

Rs. Million	Q1		y-o-y Growth (%)	Q4	Q1
	FY22	FY21		FY21	FY22
Revenue	931	406	129.3%	974	(4.4)%
EBITDA	131	(11)	nm	137	(4.1)%
Margin (%)	14.1%	(2.7)%		14.0%	

Performance Overview

- Hydraulics segment has continued its robust performance in Q1, with marginal decline in revenue numbers compared to previous quarters largely due to supply chain hiccups caused by COVID second wave. The tractor industry has continued to grow despite partial lockdown and has seen substantial increase in orders.
- Outlook:** The tractor industry continues to grow though this year the industry could witness single digit growth over previous numbers.
- Strategy:** Focus on increasing market share and also improve efficiencies. In addition, the company will be focusing on increasing its wallet share on Agri tractors and construction equipment through new developments.



DYNAMATIC TECHNOLOGIES LIMITED



AUTOMOTIVE AND METALLURGY **SEGMENT**

Financial Overview

Rs. Million	Q1		y-o-y Growth (%)	Q4	Q1
	FY22	FY21		FY21	FY22
Revenue	1,398	635	120.2%	1,471	(5.0)%
EBITDA	89	210	(57.4)%	84	6.4%
Margin (%)	6.4%	33.1%		5.7%	

Performance Overview

- The auto industry witnessed a complete standstill in the April and May, however there was considerable recovery at the end of the Q1 FY22
- **Outlook:** The segment will continue to grow once the economy opens up, depending on the third wave and vaccination efforts.
- **Strategy:** Focus on high margin product mix, exports, ramp-up of existing products, performance-critical components, customer diversification and capacity utilization. With the successful divestment of Indian foundry, we will focus on transitioning the German foundry into aerospace applications over the next few years.

Note:

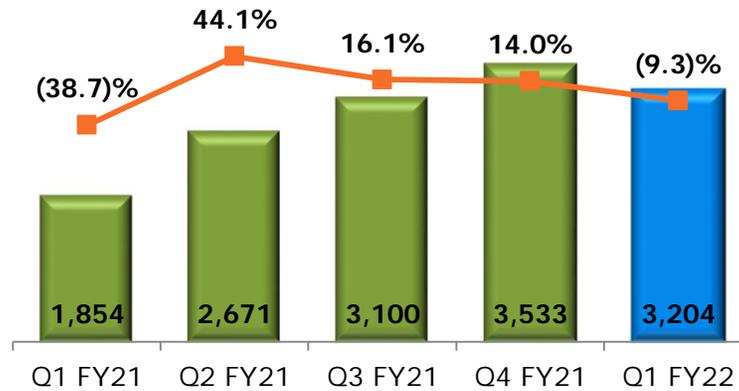
1. Revenue and EBITDA refer to continuing operations
2. Previous years segment results restated to make comparable



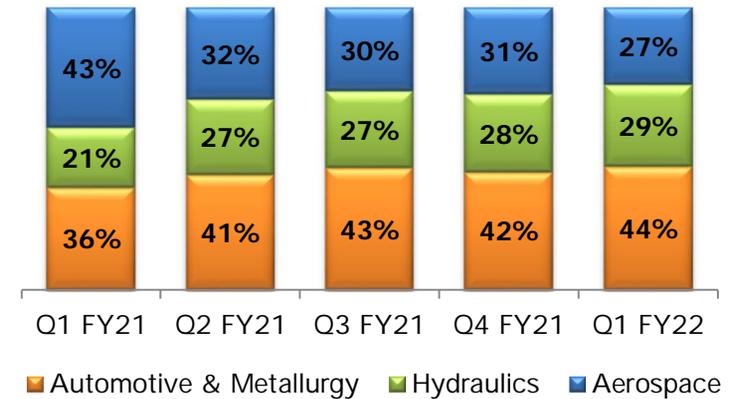
DYNAMATIC TECHNOLOGIES LIMITED

QUARTERLY FINANCIAL TRENDS

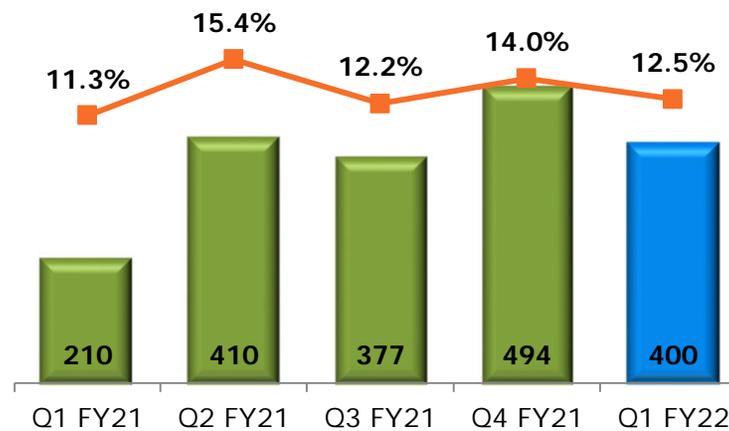
Revenue (Rs. mn) and Growth % (Q-o-Q)



Segment Wise Revenue Contribution



EBITDA (Rs. mn) and Margin (%)



Note:

1. Revenue and EBITDA refer to continuing operations

DYNAMATIC TECHNOLOGIES LIMITED

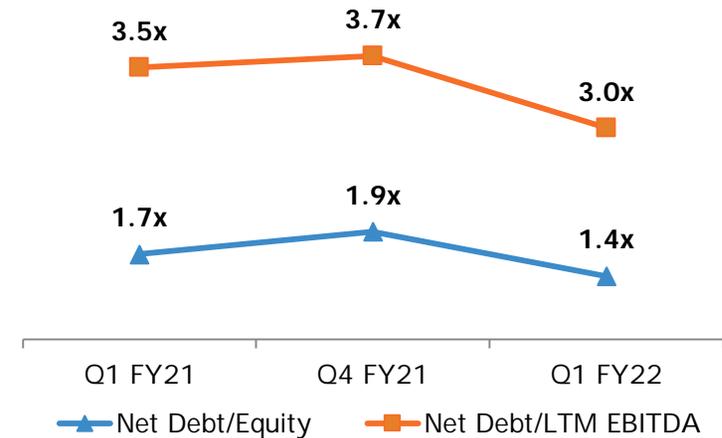


QUARTERLY FINANCIAL TRENDS

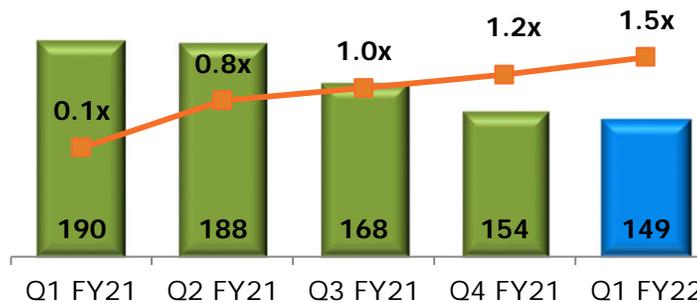
Capital Structure

(Rs. million)	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Long Term	3,922	3,909	3,839	4,268	3,823
Short Term	2,084	2,025	1,872	1,505	1,623
Total Debt	6,006	5,934	5,711	5,773	5,446
Less: Cash & Cash Equivalents	569	568	453	606	477
Net Debt	5,437	5,366	5,258	5,167	4,969
Add: Lease Liabilities	1,295	1,256	1,224	1,665	1,606
Overall Debt	6,732	6,622	6,482	6,832	6,575
Net Worth	3,598	3,679	3,775	3,688	3,756
LTM EBITDA	1,533	1,467	1,402	1,492	1,682

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



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



Note:

1. Interest Coverage ratio = Operating Profit / Interest Expense
2. LTM EBITDA refers to EBITDA from continuing operations



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; 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 castings for performance critical components such as turbochargers and exhaust manifolds and has capabilities to develop complex metallurgical components on single-source basis

Locational advantages

- World-class manufacturing facilities in India, UK and Germany will give the company business advantages in the post-COVID world, as customers look for local deliveries from suppliers.



DYNAMATIC TECHNOLOGIES LIMITED



DYNAMATIC OVERVIEW

Vertically Integrated Facilities

- 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
- 9 Facilities globally, spread across India (Bangalore and 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, Volkswagen
- 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

27% of Q1 FY22 Revenue

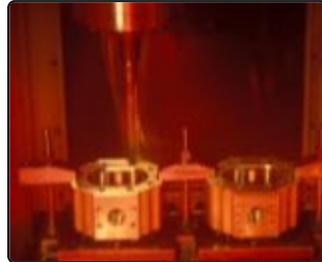


- Wings, rear fuselages, ailerons, wing flaps and major airframe structures
- Ramp structure assembly
- AFT Pylon assembly

- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL

HYDRAULICS

29% of Q1 FY22 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

AUTOMOTIVE & METALLURGY

44% of Q1 FY22 Revenue



- Ferrous automotive components including engine, transmission, turbocharger and chassis parts

- Audi
- BMW
- Daimler
- MAN
- Volkswagen
- BorgWarner

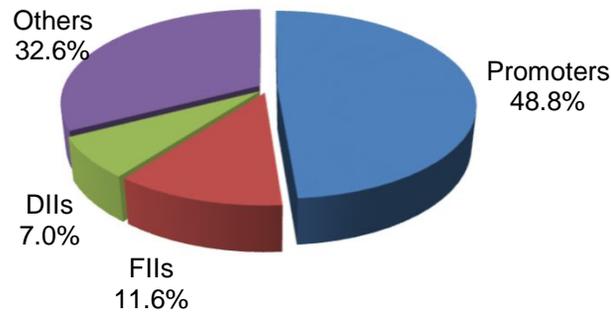


DYNAMATIC TECHNOLOGIES LIMITED



BLUE CHIP INVESTOR BASE

Shareholding Structure



Key Investors

- Samena Capital
- HDFC Mutual Fund
- Alchemy and Group
- Mukul Agarwal and Group
- Girish Gulati – HUF
- Rohini Nilekani
- Chandravardhan Shah

Shareholding Pattern Trend

Shareholders	Sep-20	Dec-20	Mar-21	Jun-21
Promoters	48.8%	48.8%	48.8%	48.8%
FIIIs	14.4%	10.8%	10.8%	11.6%
DIIs	10.6%	8.9%	8.7%	7.0%
Others	26.2%	31.5%	31.7%	32.6%
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)	Q1 FY21	Q4 FY21	Q1 FY22
Revenues			
Net Sales / Income from Operations	1,854	3,533	3,204
Other Operating Income	-	-	-
Total Revenues	1,854	3,533	3,204
Expenses			
Cost of Raw Materials Consumed	654	1,806	1,611
Changes in Inventories of Finished Goods and WIP	135	11	17
Employee Benefit Expenses	495	606	621
Other Expenditure	362	618	556
Total expenses excluding D&A	1,644	3,040	2,804
Operating Profit (EBITDA)	210	493	400
Depreciation and Amortization Expenses	187	223	181
EBIT	23	270	219
Other Income	14	25	13
Finance Costs	190	166	149
PBT - Pre –Exceptional	(152)	129	83
Exceptional Item	0	0	0
PBT	(152)	129	83
Tax Expenses	(35)	87	25
PAT From Continuing Operations	(117)	42	58
PAT/(Loss) from Discontinued Operations	(53)	(119)	(33)
PAT	(169)	(78)	23
Basic EPS (Rs)	(26.72)	(12.24)	3.97
Margins (%)			
Gross Margins	57.5%	48.6%	49.2%
EBITDA margins	11.3%	14.0%	12.5%
PAT margins	(9.1)%	nm	nm
Y-o-Y Growth (%)			
Total Revenues			72.8%
EBITDA			90.8%
PAT			nm



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@dynamics.net

Mr. Shivaram V

Head - Legal, Compliance & Company Secretary

F: + 91 80 2839 5823

E: shivaram.v@dynamics.net

Dynamatic Technologies Limited

Dynamatic Park

Peenya Industrial Area

Bangalore 560 058

India

T: + 91 80 2839 4933 / 34 / 35

www.dynamics.net

CIN: L72200KA1973PLC002308