

DYNAMATIC TECHNOLOGIES LIMITED

Q3 FY2022 **EARNINGS**  
PRESENTATION



Hydraulics



Aerospace



Automotive &  
Metallurgy





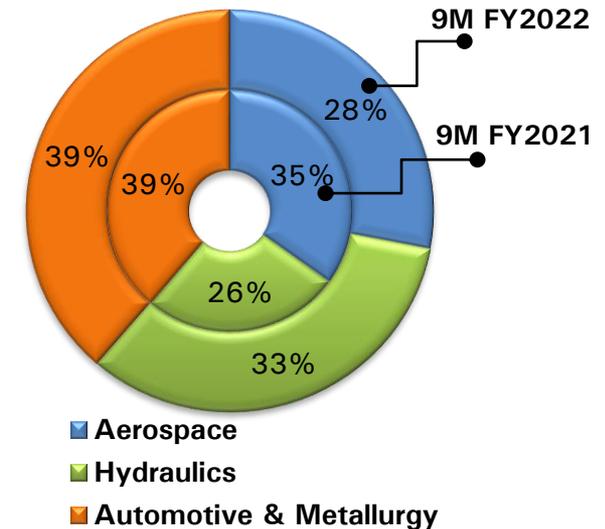
# DYNAMATIC TECHNOLOGIES LIMITED

## 9M FY2022 PERFORMANCE HIGHLIGHTS

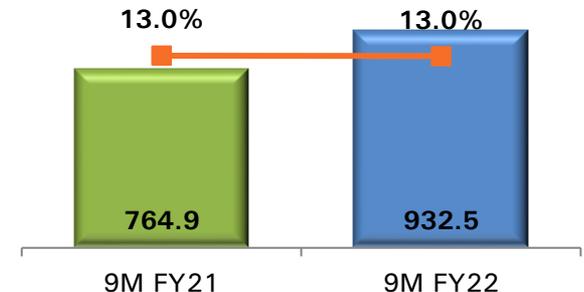
### Highlights 9M FY2022 vs. 9M FY2021

- Revenue of Rs. 932.5 cr; up 21.9% from Rs. 764.9 cr in 9M FY21
  - Aerospace segment revenue of Rs. 260.8 cr; down by 1.7% from Rs. 265.2 cr
  - Hydraulics segment revenue of Rs. 309.6 cr; up by 54.7% from Rs. 200.2 cr
  - Automotive & Metallurgy segment revenue of Rs. 359.7 cr; up 22.0% from Rs. 294.7 cr
- EBITDA of Rs. 121.0 cr; up 21.4% from Rs. 99.7 cr in 9M FY21
  - EBITDA margin of 13.0%; remain stable
- PAT of Rs. 17.0 cr as compared to loss from continuing operations of Rs. 2.2 cr in 9M FY21

### 9M FY2022 Revenue Breakup



### Revenue (Rs. cr) and EBITDA Margin (%)



Note:

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



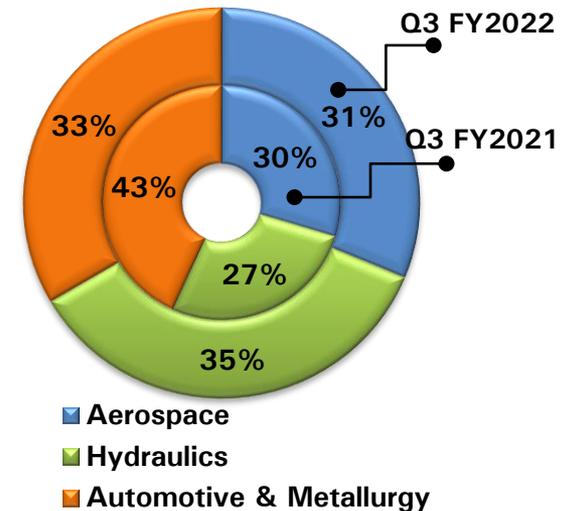
# DYNAMATIC TECHNOLOGIES LIMITED

## Q3 FY2022 PERFORMANCE HIGHLIGHTS

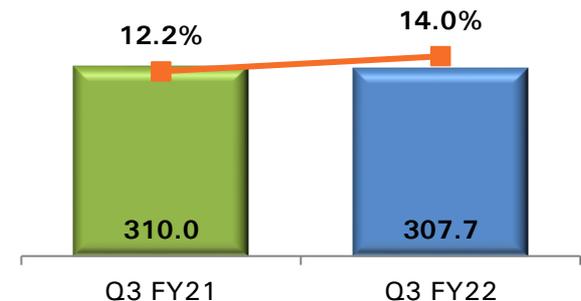
### Highlights Q3 FY2022 vs. Q3 FY2021

- Revenue of Rs. 307.7 cr; down 0.7% from Rs. 310.0 cr in Q3 FY21
  - Aerospace segment revenue of Rs. 95.6 cr; up by 5.2% from Rs. 90.9 cr
  - Hydraulics segment revenue of Rs. 107.8 cr; up by 29.3% from Rs. 83.4 cr
  - Automotive & Metallurgy segment revenue of Rs. 102.2 cr; down by 22.9% from Rs. 132.6 cr
- EBITDA of Rs. 43.0 cr; up 13.9% from Rs. 37.7 cr in Q3 FY21
  - EBITDA margin of 14.0%; up by 180bps
- PAT from Continuing Operations of Rs. 8.0 cr, up 79.0% from Rs. 4.5 cr in Q3 FY21

### Q3 FY2022 Revenue Breakup



### Revenue (Rs. cr) 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:**

“The third wave of pandemic had tested our resilience and I am proud to announce that the company has persevered, and we have registered growth in both sales and profits.

The Hydraulics segment has once again posted its best performance in history with record sales and profits. This is a result of your company’s focus on increasing its share-of-wallet from tractor OEMs, as well as an extension into the construction / infrastructure equipment industry. With strong R&D capabilities, this segment is poised for growth in the quarters ahead.

The aerospace segment reported a stable growth with improved margin supported by better product mix. As sales of commercial jetliners come back, we will see a sustained revival of this business over the next five quarters. We are proud to announce the latest order from Boeing for manufacturing assemblies for their tactical fighter, the F-15EX Eagle II. This underscores our focus on quality and globally recognized capabilities, coupled with our long-standing alliance with Boeing. This is also in line with the Make in India initiative which will strengthen the outlook of the Company going forward.

The expansion of our Aerospace facility at Dynamatic Aerotropolis near Bangalore Airport is well underway and is expected to be completed in mid of FY23. Technological advancements at new plant are expected to improve our operational efficiency and meet customer expectations more effectively. There are significant savings in rentals that will accrue following this move.

The recent budget announcements pertaining to increased capital outlay for the defense sector, larger allocation for rural infrastructure development and highway construction will prove beneficial to our Aerospace and Hydraulics segments and provides a positive outlook for the overall business. Eisenwerk Erla has successfully completed and received AS 9100 Aerospace Certification, which will enable us to develop aerospace castings and forgings for our global aerospace customers.

In line with our strategy of continuous digital transformation and evolution, we have successfully implemented new ERP system SAP S/4HANA for our Indian operations. The new system, once implemented globally, will help us to have better operational and cost efficiencies at group level.”

# DYNAMATIC TECHNOLOGIES LIMITED



## FINANCIAL PERFORMANCE SUMMARY

### Consolidated Performance Highlights (Continuing Operations)

Rs. crore	Q3		y-o-y Growth (%)	Q2 FY22	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY22	FY21				FY22	FY21	
Revenue	307.7	310.0	(0.7)%	304.4	1.1%	932.5	764.9	21.9%
EBITDA	43.0	37.7	13.9%	38.0	13.1%	121.0	99.7	21.4%
<b>Margin (%)</b>	<b>14.0%</b>	<b>12.2%</b>		<b>12.5%</b>		<b>13.0%</b>	<b>13.0%</b>	
Profit Before Tax (PBT)	10.4	5.5	88.6%	6.1	70.7%	24.9	(5.3)	nm
PAT	8.0	4.5	79.0%	3.2	149.8%	17.0	(2.2)	nm
<b>Margin (%)</b>	<b>2.6%</b>	<b>1.4%</b>		<b>1.1%</b>		<b>1.8%</b>	<b>nm</b>	
Basic EPS (Rs.)	12.65	1.80	602.8%	(15.92)	nm	0.71	(22.26)	nm
PAT from Continuing and Discontinued Operations	8.0	1.1	603.5%	(10.1)	nm	0.5	(14.1)	nm
<b>Margin (%)</b>	<b>2.6%</b>	<b>0.4%</b>		<b>nm</b>		<b>mn</b>	<b>nm</b>	

- Q3 FY2022 revenues from Hydraulics segment increased by 29.3%, Aerospace segment up 5.2%, while Automotive & Metallurgy segment down by 22.9% on a y-o-y basis
- Q3 FY2022 EBITDA increased by 13.9% y-o-y with margin of 14.0%
- Q3 FY2022 PAT from continuing operations increased by 79.0% with margin of 2.6%. Improvement in operating profit coupled with interest cost reduction supported margin enhancement



## PERFORMANCE HIGHLIGHTS

### Foreign Exchange Fluctuation

Exchange Rate	Q3 FY2022	Q3 FY2021	Impact	Impact %	Q2 FY2022	Impact	Impact %
EURO vs. INR	87.34	86.27	1.07	1.2%	88.08	(0.74)	(0.8)%
GBP vs. INR	102.11	95.94	6.17	6.4%	102.58	(0.47)	(0.5)%
USD vs. INR	74.27	74.64	(0.37)	(0.5)%	73.92	0.35	0.5%

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

Particulars	Q3 FY2022 vs. Q3 FY2021				Q3 FY2022 vs. Q2 FY2022			
	Erla	DL UK	DTL	Total Impact	Erla	DL UK	DTL	Total Impact
<i>Currency</i>	EURO	GBP	USD		EURO	GBP	USD	
Revenue (Rs. cr)	1.28	3.75	0.82	5.85	(0.89)	(0.29)	0.15	(1.02)
EBITDA (Rs. cr)	(0.01)	0.17	0.49	0.65	0.00	(0.01)	0.09	0.08

- On a constant currency basis, Q3 FY2022 revenue, if adjusted for a foreign exchange impact of Rs. 5.85 cr would be Rs. 301.9 cr (representing a loss of 2.6% compared to a loss of 0.7% before adjustment)
- On a constant currency basis, Q3 FY2022 EBITDA, if adjusted for a foreign exchange impact of Rs. 0.65 cr would be Rs. 42.3 cr (compared to Rs. 43.0 cr 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



## AEROSPACE SEGMENT

### Financial Overview

Rs. crore	Q3		y-o-y Growth (%)	Q2 FY22	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY22	FY21				FY22	FY21	
Revenue	95.6	90.9	5.2%	77.9	22.7%	260.8	265.2	(1.7)%
EBITDA	30.1	24.4	23.5%	20.5	47.0%	72.9	79.8	(8.6)%
<b>Margin (%)</b>	<b>31.5%</b>	<b>26.8%</b>		<b>26.3%</b>		<b>28.0%</b>	<b>30.1%</b>	

### Performance Overview

- The aerospace segment growth was driven by improvement in order execution and delivery. The improvement in EBITDA was on account of better product mix.
- **Outlook:** Started initial work on the contract for Boeing's tactical fighter, F-15EX Eagle II. Expect to start delivery by the end of this financial year.
- Demand for aviation sector is expected pick up in the near term driven by commercial sector on the back of the international border reopening and higher vaccination rates. The defense demand is also expected to contribute to sector performance as most countries have not significantly reduced defense budgets and focused sustaining their capabilities
- **Strategy:** Enhance capability in large aero-structure assemblies, high precision aero-structure manufacturing, design and engineering

# DYNAMATIC TECHNOLOGIES LIMITED



## HYDRAULICS SEGMENT

### Financial Overview

Rs. crore	Q3		y-o-y Growth (%)	Q2 FY22	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY22	FY21				FY22	FY21	
Revenue	107.8	83.4	<b>29.3%</b>	108.7	<b>(0.8)%</b>	309.6	200.2	<b>54.7%</b>
EBITDA	18.5	9.6	<b>93.1%</b>	18.4	<b>0.8%</b>	50.0	17.4	<b>187.6%</b>
<b>Margin (%)</b>	<b>17.2%</b>	<b>11.5%</b>		<b>16.9%</b>		<b>16.2%</b>	<b>8.7%</b>	

### Performance Overview

- Hydraulics segment has continued its strong performance in Q3, with improved margin levels compared to previous quarters largely due to improved economic activities across sectors. The tractor industry has reported a steady growth supported by increasing agricultural commodity prices and government reforms in the Indian agriculture sector.
- **Outlook:** The tractor industry expected to grow at single digit growth with some slowdown due to the cyclical impact of local markets.
- **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. crore	Q3		y-o-y Growth (%)	Q2 FY22	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY22	FY21				FY22	FY21	
Revenue	102.2	132.6	(22.9)%	117.7	(13.1)%	359.7	294.7	22.0%
EBITDA	1.4	6.9	(80.0)%	5.0	(72.6)%	15.4	4.7	226.8%
<b>Margin (%)</b>	<b>1.4%</b>	<b>5.2%</b>		<b>4.3%</b>		<b>4.3%</b>	<b>1.6%</b>	

### Performance Overview

- Auto segment growth impacted by adverse demand scenario and global chip shortages. Once supply chains attain normalcy and lower headwinds in the form of the pandemic, we expect to reap the benefits.
- **Outlook:** The segment will continue to grow once demand will boost in the economy, depending on the pandemic and measures taken by governments.
- **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 and on successful completion of AS 9100 Certification, we will be able to develop aerospace castings and forgings in the years to come.

Note:

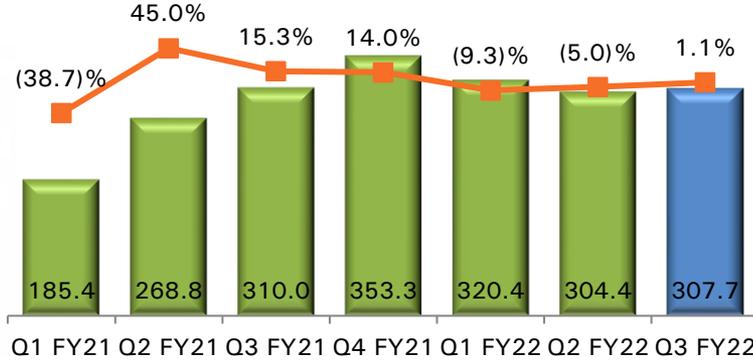
1. Revenue and EBITDA refer to continuing operations
2. Previous years segment results restated to make comparable



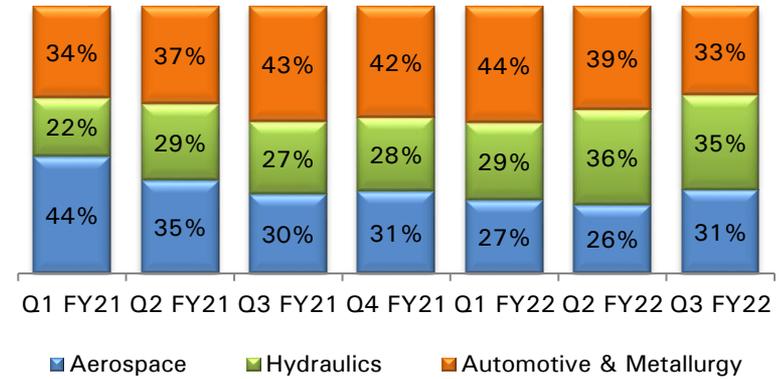
# DYNAMATIC TECHNOLOGIES LIMITED

## QUARTERLY FINANCIAL TRENDS

### Revenue (Rs. cr) and Growth % (Q-o-Q)



### Segment Wise Revenue Contribution



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



Note:

1. Revenue and EBITDA refer to continuing operations



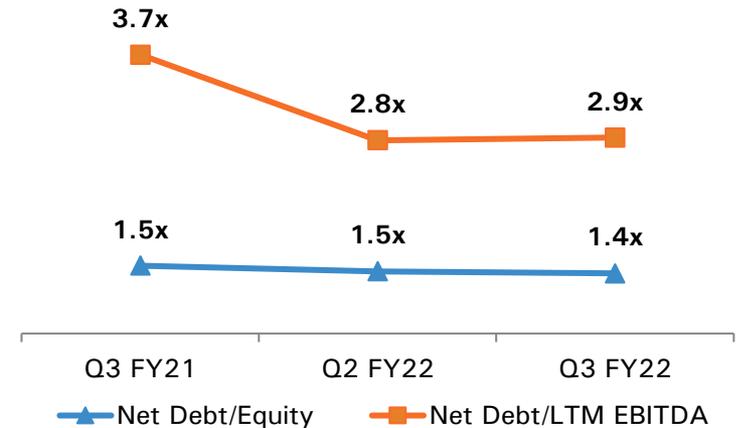
# DYNAMATIC TECHNOLOGIES LIMITED

## QUARTERLY FINANCIAL TRENDS

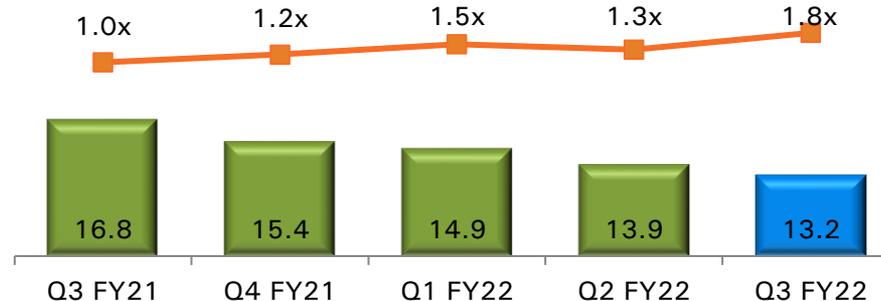
### Capital Structure

(Rs. crore)	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Long Term	383.9	426.8	382.3	371.3	367.0
Short Term	187.2	150.5	162.3	155.3	163.0
<b>Total Debt</b>	<b>571.1</b>	<b>577.3</b>	<b>544.6</b>	<b>526.6</b>	<b>530.0</b>
Less: Cash & Cash Equivalents	45.3	60.6	47.7	59.2	43.0
<b>Net Debt</b>	<b>525.8</b>	<b>516.7</b>	<b>496.9</b>	<b>467.4</b>	<b>487.0</b>
Add: Lease Liabilities	122.4	166.5	160.6	163.1	153.0
<b>Overall Debt</b>	<b>648.2</b>	<b>683.2</b>	<b>657.5</b>	<b>630.5</b>	<b>640.0</b>
Net Worth	377.5	368.8	375.6	362.5	370.0
LTM EBITDA	140.9	149.0	168.0	165.0	170.3

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



### Interest Expense (Rs. cr) & 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

28% of 9M FY22 Revenue

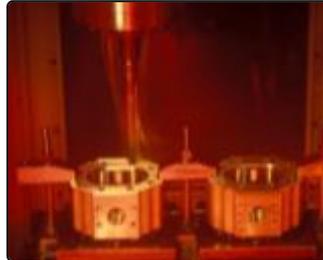


- Wings, rear fuselages, ailerons, wing flaps and major airframe structures
- Ramp structure assembly
- AFT Pylon assembly

- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL

### HYDRAULICS

33% of 9M 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

39% of 9M FY22 Revenue



- Ferrous automotive components including engine, transmission and turbocharger

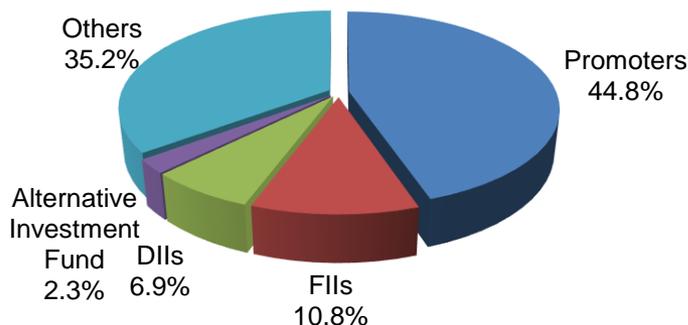
- Audi
- BMW
- Daimler
- IHI
- MAN
- Volkswagen
- BorgWarner
- AGCO

# 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
- Abakkus Emerging Opportunities Fund
- Madhusudan Kela and Group
- Rohini Nilekani
- Chandravardhan Shah

### Shareholding Pattern Trend

Shareholders	Mar-21	Jun-21	Sep-21	Dec-21
Promoters	48.8%	48.8%	44.8%	44.8%
FIIIs	10.8%	11.6%	11.1%	10.8%
DIIIs	8.7%	7.0%	6.9%	6.9%
Alternative Investment Fund	-	0.1%	2.2%	2.3%
Others	31.7%	32.5%	35.0%	35.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### 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 P&L Account (Q-o-Q Comparison)

Profit & Loss Statement (Rs. crore)	Q3 FY21	Q2 FY22	Q3 FY22
<b>Revenues</b>			
Net sales / income from operations	310.0	304.4	307.7
Other operating income	-	-	-
<b>Total revenues</b>	<b>310.0</b>	<b>304.4</b>	<b>307.7</b>
<b>Expenses</b>			
Cost of raw materials consumed	158.2	150.1	145.5
Changes in inventories of finished goods and WIP	4.4	0.8	7.0
Employee benefit expenses	57.1	62.2	64.9
Other expenditure	52.6	53.3	47.3
<b>Total expenses excluding D&amp;A</b>	<b>272.3</b>	<b>266.3</b>	<b>264.7</b>
<b>Operating profit (EBITDA)</b>	<b>37.7</b>	<b>38.0</b>	<b>43.0</b>
Depreciation and amortization expenses	18.8	19.6	19.7
<b>EBIT</b>	<b>19.0</b>	<b>18.5</b>	<b>23.3</b>
Other income	3.0	1.6	0.3
Finance costs	16.5	13.9	13.2
<b>PBT</b>	<b>5.5</b>	<b>6.1</b>	<b>10.4</b>
Tax expenses	1.1	2.9	2.4
<b>PAT from continuing operations</b>	<b>4.5</b>	<b>3.2</b>	<b>8.0</b>
PAT/(Loss) from discontinued operations	(3.3)	(13.3)	0.0
<b>PAT</b>	<b>1.1</b>	<b>(10.1)</b>	<b>8.0</b>
Basic EPS from Continuing and Discontinued Operations (Rs)	1.80	(15.92)	12.65
<b>Margins (%)</b>			
Gross margins	47.5%	50.4%	50.4%
EBITDA margins	12.2%	12.5%	14.0%
PAT margins	0.4%	nm	2.6%
<b>Y-o-Y growth (%)</b>			
Total revenues			(0.7)%
EBITDA			13.9%
PAT			603.5%



# 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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