

DYNAMATIC TECHNOLOGIES LIMITED

Q1 FY2023 **EARNINGS**
PRESENTATION



Hydraulics



Aerospace



Metallurgy





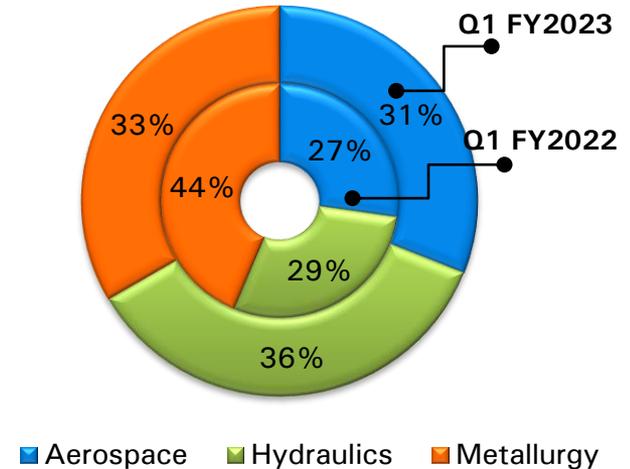
DYNAMATIC TECHNOLOGIES LIMITED

Q1 FY2023 PERFORMANCE HIGHLIGHTS

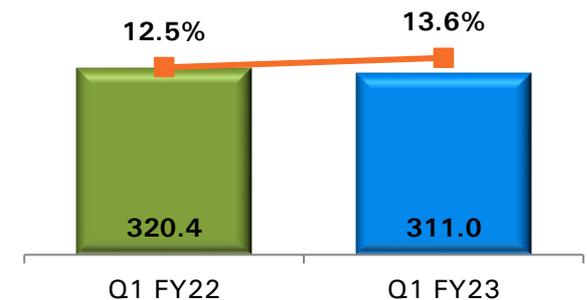
Highlights Q1 FY2023 vs. Q1 FY2022

- Revenue of Rs. 311.0 cr; down 2.9% from Rs. 320.4 cr in Q1 FY22
 - Aerospace segment revenue of Rs. 96.5 cr; up by 10.5% from Rs. 87.3 cr
 - Hydraulics segment revenue of Rs. 110.6 cr; up by 18.8% from Rs. 93.1 cr
 - Metallurgy segment revenue of Rs. 103.9 cr; down by 25.7% from Rs. 139.8 cr
- EBITDA of Rs. 42.3 cr; up 5.8% from Rs. 40.0 cr in Q1 FY22
 - EBITDA margin of 13.6%; up by 112 bps
- PAT from continuing operations increased by 40.6% to Rs. 8.2 cr from Rs. 5.8 cr in Q1 FY22

Q1 FY2023 Revenue Breakup



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



Note:

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



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PERFORMANCE HIGHLIGHTS

Management Commentary

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

“The continued supply chain pressure from last few quarters is impacting the manufacturing sector and overall global economy. The shortage of raw materials and higher commodity prices have adversely impacted the operations during the quarter. However, on account of the lower base effect, on a year-on-year basis, the Company has reported strong performance in the aerospace as well as the hydraulic segment. The growth has been supported by a change in product mix and better inventory management.

In Hydraulics business, alongside consolidating market share of gear pumps with Tractor OEMs, we have developed a wide range of complementary products which would allow us to increase wallet-share per tractor. Dynamatic Hydraulics® UK has designed and developed a very advanced hydraulic pump package for a large North-American OEM in the farm mechanization sector. This product has moved from development to production and will substantially increase the turnover of the Swindon facility over the next two years.

Dynamatic Aerospace recently won the contract to manufacture Escape Hatch Doors for Airbus A220 aircraft. This contract marks a milestone in Airbus’ Indian supply chain and extends our capabilities for manufacturing fuselage aerostructures to Airbus beyond wing movables. The Escape Hatch Door is a complex assembly, and this is the first aerostructure of the new Airbus A220 family to be built in India.

Following the receipt of AS 9100 Certification, work has started in migrating Eisenwerk Erla towards production of aerospace forgings and castings, thus focusing on rationalization of low margin products.”

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FINANCIAL PERFORMANCE SUMMARY

Consolidated Performance Highlights (Continuing Operations)

Rs. crore	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY23	FY22		FY22	
Revenue	311.0	320.4	(2.9)%	320.9	(3.1)%
EBITDA	42.3	40.0	5.8%	48.2	(12.3)%
<i>Margin (%)</i>	<i>13.6%</i>	<i>12.5%</i>		<i>15.0%</i>	
Profit Before Tax (PBT)	9.7	8.3	16.7%	16.8	(42.1)%
PAT	8.2	5.8	40.6%	15.0	(45.6)%
<i>Margin (%)</i>	<i>2.6%</i>	<i>1.8%</i>		<i>4.7%</i>	
EPS for Continuing Operations (Rs.)	12.89	9.16	40.7%	23.69	(45.6)%
PAT from Continuing and Discontinued Operations	8.2	2.5	224.2%	15.0	(45.6)%
<i>Margin (%)</i>	<i>2.6%</i>	<i>0.8%</i>		<i>4.7%</i>	

- The revenue in Q1 FY FY2023 declined by 2.9% on a y-o-y basis impacted by supply chain challenges including shortage of raw material and non-availability certain input materials.
- Hydraulics segment revenue increased by 18.8%, Aerospace segment revenue up by 10.5%, while Metallurgy segment down by 25.7%% on a y-o-y basis
- EBITDA increased by 5.8% y-o-y with margin of 13.6%
- PAT from continuing operations up 40.6% to Rs. 8.2 cr from Rs. 5.8 cr in Q1 FY22. Improvement in operating profit coupled with interest cost reduction supported margin enhancement



PERFORMANCE HIGHLIGHTS

Foreign Exchange Fluctuation

Exchange Rate	Q1 FY2023	Q1 FY2022	Impact	Impact %	Q4 FY2022	Impact	Impact %
EURO vs. INR	80.34	88.88	(8.54)	(9.6)%	86.61	(6.28)	(7.2)%
GBP vs. INR	94.30	103.11	(8.81)	(8.5)%	101.81	(7.51)	(7.4)%
USD vs. INR	77.26	73.75	3.51	4.8%	74.51	2.75	3.7%

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

Particulars	Q1 FY2023 vs. Q1 FY2022				Q1 FY2023 vs. Q4 FY2022			
	Erla	DL UK	DTL	Total Impact	Erla	DL UK	DTL	Total Impact
<i>Currency</i>	EURO	GBP/ USD	EURO/GBP/USD		EURO	GBP/ USD	EURO/GBP/USD	
Revenue (Rs. cr)	(10.89)	(7.19)	(0.34)	(18.42)	(8.00)	(6.13)	(0.40)	(14.53)
EBITDA (Rs. cr)	(0.02)	(0.70)	(0.20)	(0.92)	(0.01)	(0.60)	(0.24)	(0.85)

- On a constant currency basis, Q1 FY2023 revenue, if adjusted for a foreign exchange impact of Rs. 18.42 cr would be Rs. 329.4 cr (representing a gain of 2.8% compared to a loss of 2.9% before adjustment)
- On a constant currency basis, Q1 FY2023 EBITDA, if adjusted for a foreign exchange impact of Rs. 0.92 cr would be Rs. 43.2 cr (compared to Rs. 42.3 cr before adjustment)
- The Company has exposure to EUR, GBP and USD. The impact from USD transactions were favorable on a Y-o-Y basis



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AEROSPACE SEGMENT

Financial Overview

Rs. crore	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY23	FY22		FY22	
Revenue	96.5	87.3	10.5%	99.4	(2.9)%
EBITDA	26.6	22.3	19.1%	26.1	1.8%
Margin (%)	27.5%	25.5%		26.2%	

Performance Overview

- The aerospace segment reported a growth of 10.5% y-o-y driven by resilient performance of air transport industry
- **Outlook:** First Article build of F-15EX Eagle is progressing as planned and will contribute to the topline from coming quarters
- Demand for both defense and commercial segment is expected to gain momentum based on the strong order books of major aircraft producers once supply chain issues addressed globally
- AS9100 Aerospace Certification of Metallurgy Business in ERLA will contribute to the growth of the segment
- **Strategy:** Focus on Sheetmetal and detailed parts to enhance margin levels

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HYDRAULICS SEGMENT

Financial Overview

Rs. crore	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY23	FY22		FY22	
Revenue	110.6	93.1	18.8%	114.0	(3.0)%
EBITDA	20.3	13.1	54.8%	23.2	(12.4)%
Margin (%)	18.3%	14.1%		20.3%	

Performance Overview

- Hydraulics segment has continued its strong performance in Q1 FY2023. The Segment has reported strong revenue growth as well as improvement in margin supported by demand from both agriculture and infrastructure sector. The agriculture sector demand was driven by better crop price realization and government reforms in the agriculture sector
- **Outlook:** The tractor industry is expected to record strong demand from agriculture sector on the back of positive demand expectation supported by normal monsoon forecast
- **Strategy:** Focus on increasing market share and improving efficiencies. In addition, the company shall be focusing on increasing its wallet share on Agri tractors and construction equipment through new developments

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METALLURGY SEGMENT

Financial Overview

Rs. crore	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY23	FY22		FY22	
Revenue	103.9	139.8	(25.7)%	105.3	(1.4)%
EBITDA	3.6	8.9	(59.7)%	5.0	(27.4)%
Margin (%)	3.5%	6.4%		4.7%	

Performance Overview

- Metallurgy segment growth was impacted by adverse demand scenario, shortage of semiconductors and other supply chain challenges
- **Outlook:** Going forward, the segment performance will be majorly driven by availability of raw material, input commodity prices and cost of financing to end customers
- **Strategy:** Focus on high margin product mix, rationalization of low margin products and develop aerospace castings and forgings in the years to come and drive the business growth further

Note:

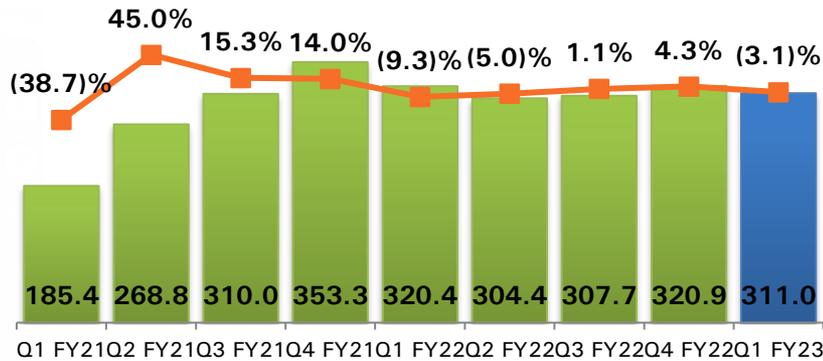
1. Revenue and EBITDA refer to continuing operations
2. Previous years segment results restated to make comparable



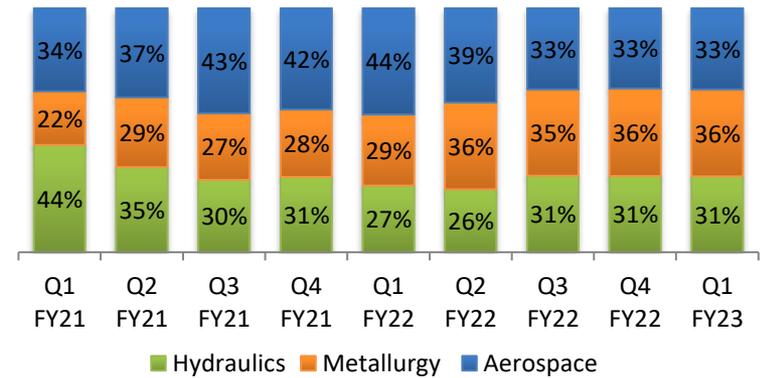
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QUARTERLY FINANCIAL TRENDS

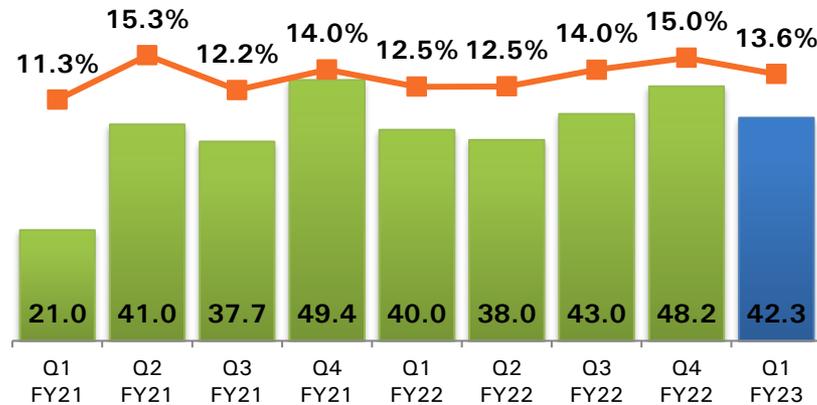
Revenue (Rs. cr) and Growth % (Q-o-Q)



Segment Wise Revenue Contribution



EBITDA (Rs. cr) and Margin (%)



Note:

1. Revenue and EBITDA refer to continuing operations



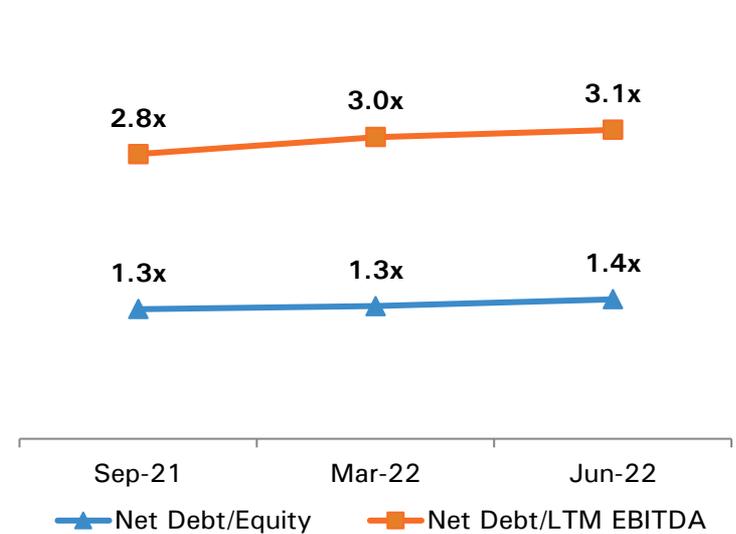
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QUARTERLY FINANCIAL TRENDS

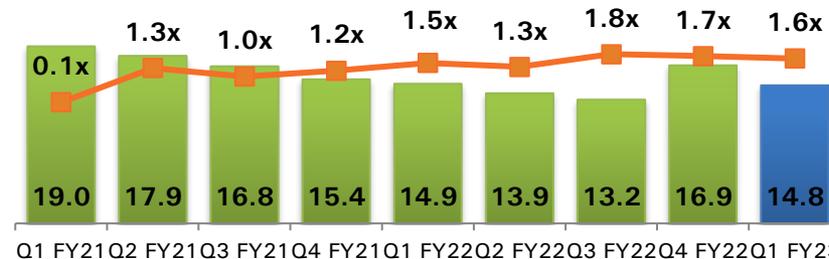
Capital Structure

(Rs. crore)	Mar-21	Jun-21	Sep-21	Mar-22	Jun-22
Long Term	426.8	382.3	371.3	378.1	368.4
Short Term	150.5	162.3	155.3	165.4	202.9
Total Debt	577.3	544.6	526.6	543.5	571.3
Less: Cash & Cash Equivalents	60.6	47.7	59.2	39.7	44.5
Net Debt	516.7	496.9	467.4	503.8	526.8
Add: Lease Liabilities	166.5	160.6	163.1	143.0	141.4
Overall Debt	683.2	657.5	630.5	646.8	668.2
Net Worth	368.8	375.6	362.5	381.4	379.7
LTM EBITDA	149.0	168.0	165.0	169.2	171.5

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



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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
- 10 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



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DYNAMATIC OVERVIEW

Combination of Stable and High Growth Businesses

AEROSPACE

31% of Q1
FY223 Revenue

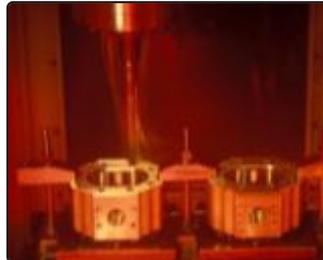


- Wings, rear fuselages, ailerons, wing flaps and major airframe structures
- Ramp structure assembly
- AFT Pylon assembly

- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL

HYDRAULICS

36% of Q1 FY23
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

METALLURGY

33% of Q1 FY23
Revenue



- Casting and forging

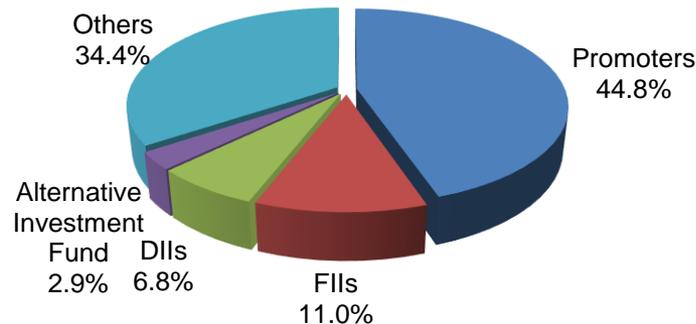
- Audi
- BMW
- Daimler
- IHI
- MAN
- Volkswagen
- BorgWarner
- AGCO

DYNAMATIC TECHNOLOGIES LIMITED



BLUE CHIP INVESTOR BASE

Shareholding Structure



Key Investors

- Samena Capital
- HDFC Mutual Fund
- Alchemy and Group
- Girish Gulati – HUF
- Abakkus Emerging Opportunities Fund
- Madhusudan Kela and Group
- Rohini Nilekani
- Chandravardhan Shah

Shareholding Pattern Trend

Shareholders	Sep-21	Dec-21	Mar-22	Jun-22
Promoters	44.8%	44.8%	44.8%	44.8%
FIIIs	11.1%	10.8%	10.9%	11.0%
DIIIs	6.9%	6.9%	6.9%	6.8%
Alternative Investment Fund	2.2%	2.3%	2.8%	2.9%
Others	35.0%	35.2%	34.6%	34.4%
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 P&L Statement (Q-o-Q Comparison)

Profit & Loss Statement (Rs. crore)	Q1 FY22	Q4 FY22	Q1 FY23
Continuing Operations:			
Revenues			
Revenue from operations	320.4	320.9	311.0
Expenses			
Cost of materials and components consumed	161.1	158.2	156.2
Change in inventory of finished goods and work-in-progress	1.7	(9.3)	(5.4)
Employee Benefit Expenses	62.1	66.9	62.2
Other Expenditure	55.6	56.9	55.7
Total expenses excluding D&A	280.4	272.7	268.7
Operating profit (EBITDA)	40.0	48.2	42.3
Depreciation and amortization expenses	18.1	19.5	18.5
EBIT	21.9	28.7	23.8
Other income	1.4	5.0	0.6
Finance costs	14.9	16.9	14.8
PBT	8.3	16.8	9.7
Tax expenses	2.5	1.7	1.5
PAT from continuing operations	5.8	15.0	8.2
EPS for Continuing Operations (Rs.)	9.16	23.69	12.89
Discontinued operations:			
Profit /(Loss) from discontinued operations	(3.3)	-	-
PAT	2.5	15.0	8.2
EPS from Continuing and Discontinued Operations (Rs)	3.97	23.69	12.89
Margins (%)			
Gross margins	49.2%	53.6%	51.5%
EBITDA margins	12.5%	15.0%	13.6%
PAT margins	0.8%	4.7%	2.6%
Y-o-Y growth (%)			
Total revenues			(2.9)%
EBITDA			5.8%
PAT			40.6%



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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