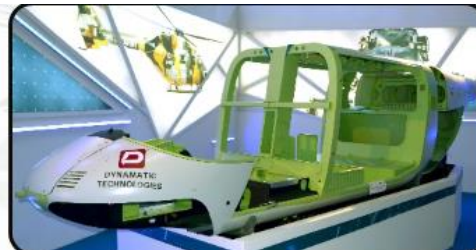




## Q1 FY2024 **EARNINGS** PRESENTATION



**Hydraulics**



**Aerospace**



**Metallurgy**

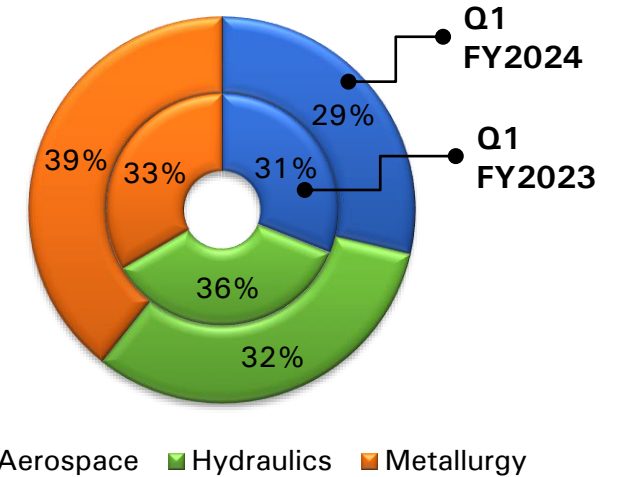


## Q1 FY2024 PERFORMANCE HIGHLIGHTS

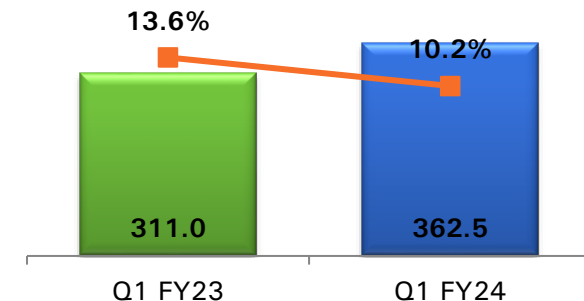
### Highlights Q1 FY2024 vs. Q1 FY2023

- Revenue of Rs. 362.5 cr; up by 16.6% from Rs. 311.0 cr in Q1 FY23
  - Aerospace segment revenue of Rs. 103.8 cr; up by 7.6% from Rs. 96.5 cr
  - Hydraulics segment revenue of Rs. 115.7 cr; up by 4.6% from Rs. 110.6 cr
  - Metallurgy segment revenue of Rs. 142.2 cr; up by 37.0% from Rs. 103.9 cr
- EBITDA of Rs. 37.0 cr; down by 12.5% from Rs. 42.3 cr in Q1 FY23
  - EBITDA margin of 10.2%; down by 339 bps
- PAT\* was Rs. 41.4 cr; up by 406.2% from Rs. 8.2 cr in Q1 FY23

### Q1 FY2024 Revenue Breakup



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



Note:

1. \*Impact of one-time gain in Metallurgy segment



## PERFORMANCE HIGHLIGHTS

### Management Commentary

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

*During the quarter, the company shifted its Aerospace manufacturing from its four-decade old facility at Peenya, Bangalore, to the newly constructed state of art facility situated next to the Bangalore International Airport, and partly to Dynamatic Manufacturing Limited (DML), a subsidiary of the company to manufacture sheet metal and detail parts. Technological advancements at new plants are expected to improve our operational efficiency and meet customer expectations more effectively. However, the delay in getting customer qualifications for the new facilities substantially impacted both the revenue and profit margins during the quarter. The company, having received the customer qualifications, intends to bounce back in the forthcoming quarters with improved operating performance and margins.*

*Supply chain challenges in UK continue to persist and impact deliveries resulting in loss of revenue and margins at Hydraulic segment. However, with proactive mitigating actions and a slight improvement in the overall supply situation, deliveries are expected to increase in the coming quarters.*

*As communicated earlier, the Company's stepdown subsidiary Eisenwerk Erla GmbH (EEG) had applied for the "protective shield process" under German Laws. This decision was prompted by the multifaceted challenges stemming from the ongoing Ukraine conflict, which had triggered inflation, supply chain disruptions for OEMs and unpredictable surge in gas and electricity costs for corporations across Europe, particularly in Germany. Notably, many of our valued customers supported EEG by accepting necessary price adjustments, which in turn, yielded a robust 37% increase in revenue and improved margins in our Metallurgy Segment.*

*At Dynamatic, we are making significant efforts to build an organization for the future. In pursuit of this steadfast commitment to sustainable growth, we are implementing our transition plan to diversify our offerings by venturing into aircraft component manufacturing at the EEG site, in addition to the existing production. This strategic maneuver is poised to augment both our top-line and bottom-line performance in the upcoming years.*

*As we move ahead in FY24, the improvement in the industry scenario coupled with the initiatives undertaken by the management will drive growth for the company in the future. I thank our valued shareholders, supply chain partners, associates, our entire workforce, our customers in India and across the world, for their unstinted support and faith in our Company, our people and our products. We believe our geographic and product mix, cost economics and commitment towards improving operational efficiencies will position us well to create value for our stakeholders.*



## FINANCIAL PERFORMANCE SUMMARY

### Consolidated Performance Highlights

Rs. crore	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY24	FY23		FY23	
Revenue	362.5	311.0	<b>16.6%</b>	367.9	<i>(1.5)%</i>
EBITDA	37.0	42.3	<i>(12.5)%</i>	49.5	<i>(25.2)%</i>
<b>Margin (%)</b>	<b>10.2%</b>	<b>13.6%</b>		<b>13.4%</b>	
PBT	46.1	9.7	<b>374.7%</b>	25.0	<b>84.7%</b>
PAT	41.4	8.2	<b>406.2%</b>	17.6	<b>135.5%</b>
<b>Margin (%)</b>	<b>11.4%</b>	<b>2.6%</b>		<b>4.8%</b>	
EPS (Rs.)	60.91	12.89	<b>372.5%</b>	27.53	<b>121.2%</b>

- The overall revenue in Q1 FY24 increased by 16.6% on a y-o-y basis despite continued supply chain disruptions and non-availability certain input materials.
- Hydraulics segment revenue increased by 4.6%, Aerospace segment revenue up by 7.6% and Metallurgy segment up by 37.0% on a y-o-y basis
- EBITDA down by 12.5% y-o-y with margin of 10.2%
- PAT\* was Rs. 41.4 cr from Rs. 8.2 cr in Q1 FY23

Note:

1. \*Impact of one-time gain in Metallurgy segment



## AEROSPACE SEGMENT

### Financial Overview

Rs. crore	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY24	FY23		FY23	
Revenue	103.8	96.5	7.6%	119.4	(13.0)%
EBITDA	21.6	26.6	(18.5)%	32.1	(32.6)%
<b>Margin (%)</b>	<b>20.8%</b>	<b>27.5%</b>		<b>26.9%</b>	

### Performance Overview

- The aerospace segment reported a moderate growth of 7.6% y-o-y in Q1 FY24 driven by strong commercial order book, supply chain improvements. However, the revenue and margins significantly got impacted on sequential basis owing to the delay in getting customers' qualifications for the relocation of Indian facility from rented to own facility.
- **Outlook:** Commercial deliveries and ramp-up of parts for F-15EX Eagle and Escape Hatch Doors for Airbus A220 aircraft will start from coming quarters and which will contribute to the topline and new business opportunities
- A strong order book by major aircraft producers will drive both defense and commercial demand once global supply chain issues are resolved
- **Strategy:** Focus on sheet metal and detailed products to enhance margin levels



## HYDRAULICS SEGMENT

### Financial Overview

Rs. crore	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY24	FY23		FY23	
Revenue	115.7	110.6	4.6%	118.7	(2.5)%
EBITDA	15.8	20.3	(22.0)%	21.5	(26.6)%
<b>Margin (%)</b>	<b>13.7%</b>	<b>18.3%</b>		<b>18.1%</b>	

### Performance Overview

- Hydraulics segment showed a growth of 4.6% y-o-y in Q1 FY24, with slightly improved economic activities across sectors in India, Europe and the USA. However, delayed monsoon in India and supply chain challenges in UK continue to persist impacted deliveries resulting in loss of revenue and margins in case of sequential quarters. With proactive mitigating measures and improvement expected in the supply chain management, the overall performance is will improve in the coming quarters.
- Outlook:** The tractor industry is expected to record a low single digit growth due to forecast of subdued monsoons and EL Nino impact. The demand from the market in Europe and USA stays moderate
- Strategy:** Focus on increasing market share and improving efficiencies. Furthermore, the company will focus on developing new products to increase its wallet share



## METALLURGY SEGMENT

### Financial Overview

Rs. crore	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY24	FY23		FY23	
Revenue	142.2	103.9	<b>37.0%</b>	129.8	<b>9.6%</b>
EBITDA	13.6	3.6	<b>276.7%</b>	11.8	<b>15.0%</b>
<b>Margin (%)</b>	<b>9.5%</b>	<b>3.5%</b>		<b>9.1%</b>	

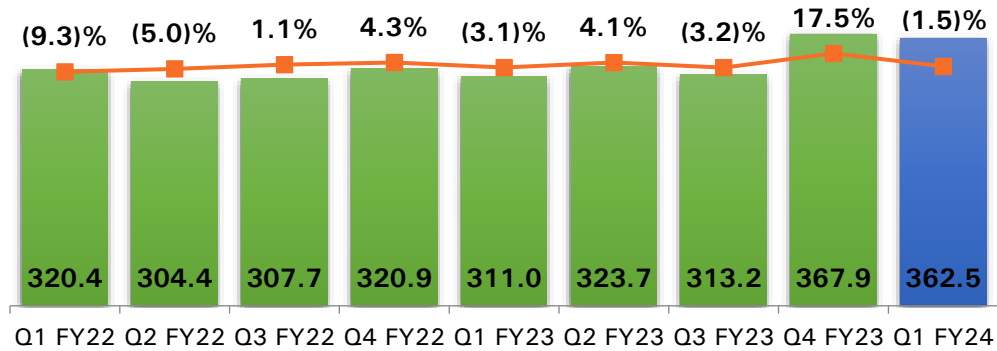
### Performance Overview

- Metallurgy segment recorded robust performance both in terms of revenue and margins on successful completion of price negotiations with customers undertaken by the company as part of protective shield process.
- **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

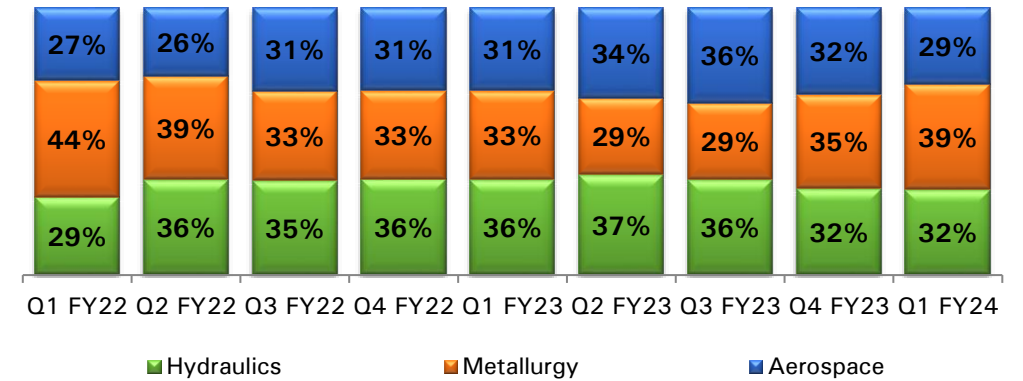


## QUARTERLY FINANCIAL TRENDS

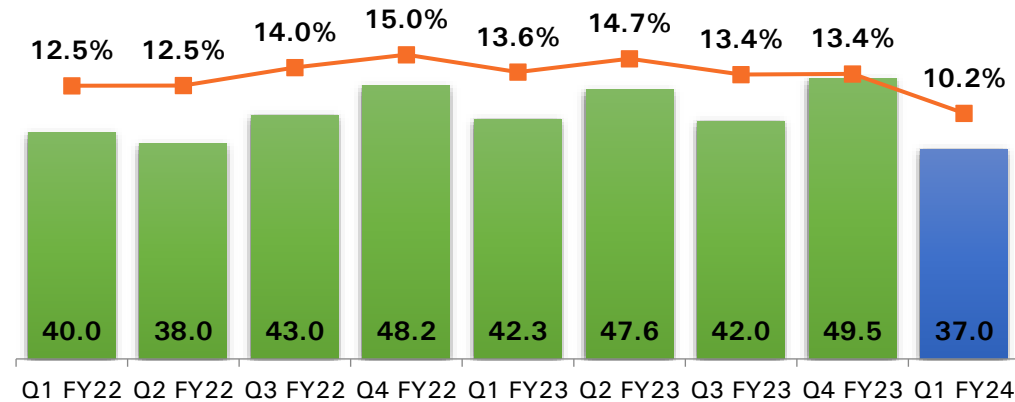
### Revenue (Rs. cr) and Growth % (Q-o-Q)



### Segment Wise Revenue Contribution



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



Note:

1. Revenue and EBITDA refers to continuing operations



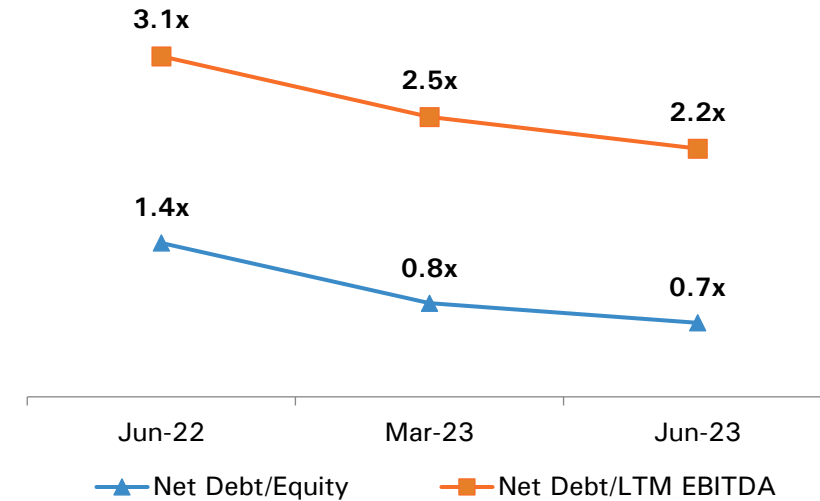


## QUARTERLY FINANCIAL TRENDS

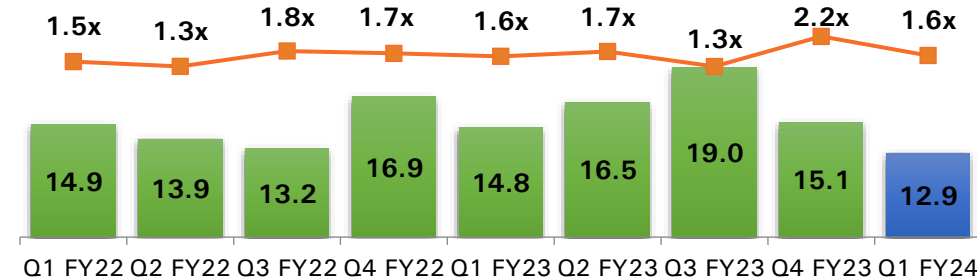
### Capital Structure

(Rs. crore)	June-22	Mar-23	June-23
Long Term	368.4	361.2	369.3
Short Term	202.9	257.2	171.6
<b>Total Debt</b>	<b>571.3</b>	<b>618.4</b>	<b>540.9</b>
Less: Cash & Cash Equivalents	44.5	160.9	147.1
<b>Net Debt</b>	<b>526.8</b>	<b>457.5</b>	<b>393.9</b>
Add: Lease Liabilities	141.4	135.9	134.1
<b>Overall Debt</b>	<b>668.2</b>	<b>593.5</b>	<b>527.9</b>
Net Worth	379.7	542.0	590.0
LTM EBITDA	171.5	181.3	176.0

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



### Interest Expense (Rs. cr) & Interest Coverage (x)



Note:

1. Interest Coverage ratio = Operating Profit / Interest Expense



## 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 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, Macdon
- Aerospace : Airbus, Bell Helicopter, Boeing, GKN Aerospace, HAL, Spirit Aerosystems

### Board and Management

- Highly qualified board and management team with significant industry experience
- 5 out of 9 Directors are Independent



## DYNAMATIC OVERVIEW

Combination of Stable and High Growth Businesses

### AEROSPACE

29% of Q1 FY24 Revenue

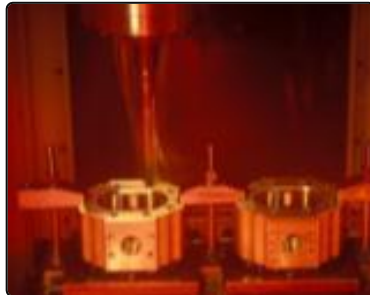


- Wings, rear fuselages, ailerons, wing flaps and major airframe structures
- Ramp structure assembly
- AFT Pylon assembly

- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL

### HYDRAULICS

32% of Q1 FY24 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
- MacDon

### METALLURGY

39% of Q1 FY24 Revenue



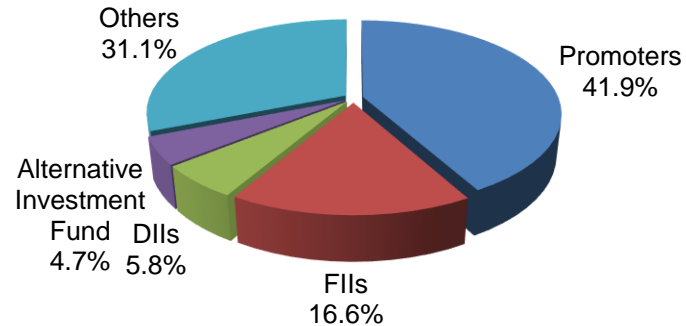
- Casting and forging

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



## BLUE CHIP INVESTOR BASE

### Shareholding Structure



### Shareholding Pattern Trend

Shareholders	Sept-22	Dec-22	Mar-23	Jun-23
Promoters	44.8%	44.8%	41.9%	41.9%
FII's	11.1%	11.2%	16.8%	16.6%
DII's	6.8%	6.5%	6.1%	5.8%
Alternative Investment Fund	2.9%	3.0%	3.9%	4.7%
Others	34.4%	34.4%	31.4%	31.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Key Investors

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

### 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
2023	Preferential allotment	67.9



## FINANCIAL STATEMENTS

### Consolidated P&L Statement (Q-o-Q)

Profit & Loss Statement (Rs. crore)	Q1 FY23	Q4 FY23	Q1 FY24
<b>Revenues</b>			
Revenue from operations	311.0	367.9	362.5
<b>Expenses</b>			
Cost of materials and components consumed	156.2	179.5	166.4
Change in inventory of finished goods and work-in-progress	(5.4)	(2.2)	7.4
Employee Benefit Expenses	62.2	61.9	74.4
Other Expenditure	55.7	79.3	77.3
<b>Total expenses excluding D&amp;A</b>	<b>268.7</b>	<b>318.4</b>	<b>325.5</b>
<b>Operating profit (EBITDA)</b>	<b>42.3</b>	<b>49.5</b>	<b>37.0</b>
Depreciation and amortization expenses	18.5	16.5	15.9
<b>EBIT</b>	<b>23.8</b>	<b>32.9</b>	<b>21.1</b>
Other income	0.6	7.2	20.3
Finance costs	14.8	15.1	12.9
<b>PBT - Pre-Exceptional</b>	<b>-</b>	<b>-</b>	<b>28.5</b>
Exceptional Item	-	-	17.6
<b>PBT</b>	<b>9.7</b>	<b>25.0</b>	<b>46.1</b>
Tax expenses	1.5	7.4	4.7
<b>PAT</b>	<b>8.2</b>	<b>17.6</b>	<b>41.4</b>
EPS (Rs)	12.89	27.53	60.91
<b>Margins (%)</b>			
Gross margins	51.5%	51.8%	52.1%
EBITDA margins	13.6%	13.4%	10.2%
PAT margins	2.6%	4.8%	11.4%
<b>Y-o-Y growth (%)</b>			
Total revenues	(2.9)%	14.6%	16.6%
EBITDA	5.8%	2.6%	(12.5)%
PAT	40.6%	16.9%	406.2%



## 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.



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