

DYNAMATIC TECHNOLOGIES LIMITED

Q3 & NINE MONTH FY2017 **EARNINGS**
PRESENTATION



HYDRAULICS



AEROSPACE & DEFENCE



AUTOMOTIVE



DYNAMATIC TECHNOLOGIES LIMITED



BORN TO FLY



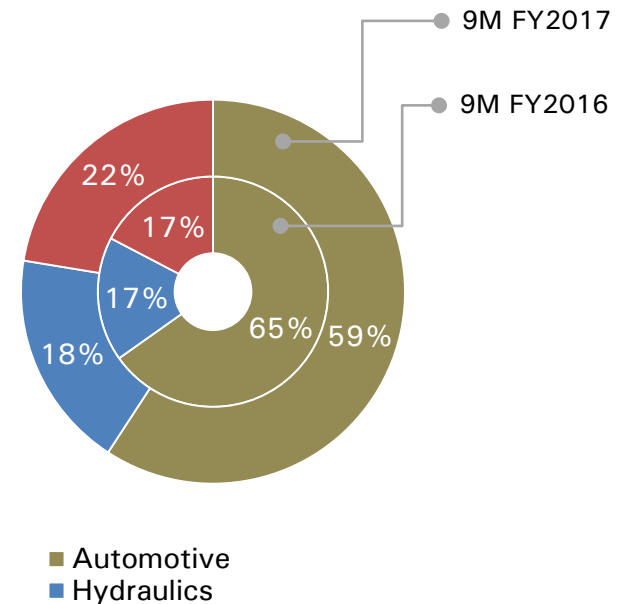
DYNAMATIC TECHNOLOGIES LIMITED

9M FY2017 PERFORMANCE HIGHLIGHTS

Y-o-Y Highlights

- Net Revenue of Rs. 11,262 million; up 1.8%
 - Aerospace & Defence segment revenues up 31.6%
- EBITDA of Rs. 1,232 million; up 39.5%
 - EBITDA margin of 10.9%; up 296 bps
- PAT of Rs. 221 million; up from loss of Rs.69 million
- Net Debt of Rs. 6,124 million (vs. Rs. 5,464 million as of December 31, 2015)
- Net Worth of Rs. 2,592 million (vs. Rs. 2,445 million as of December 31, 2015)
- Debt/Equity Ratio of 2.4x (vs. 2.5x)
- Net Debt/LTM EBITDA of 3.5x (vs. 4.5x)

9M FY2017 Revenue Breakup





PERFORMANCE HIGHLIGHTS

Management Commentary

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

“Dynamatic Technologies’ performance for the 9 month period of FY2017 was underpinned by the strong Aerospace & Defence business platform that we have built over the years. During her visit to India, the UK Prime Minister Ms. Theresa May had visited our facility in Bangalore and announced commercial production of Airbus A330 Long Range FTBs worth \$200 million to be manufactured in India and UK during the life of the program. This is a testament to the success of our Aerospace & Defence business and our focus on product innovation and technology.

Performance of our Hydraulic division remained stable despite a temporary impact of demonetization in India and unfavourable foreign exchange fluctuation in the UK. Pick up in the Automotive division both in India and Germany was slow due to the ongoing subdued global macroeconomic scenario.

We are proud to state that we are going to inaugurate our new Aerospace facility in Bangalore – Dynamatic Aerotropolis on 15 February, 2017. This facility is strategically located next to the international airport and will manufacture components for Airbus A330 and Bell Helicopter. Our Aerospace & Defence division is expected to drive the growth and value for the Company in the years to come.”



FINANCIAL PERFORMANCE SUMMARY

Consolidated Performance Highlights

Rs. million	Q3		y-o-y Growth (%)	Q2 FY17	q-o-q Growth (%)	9 Month		y-o-y Growth (%)
	FY17	FY16				FY17	FY16	
Revenue	3,496	3,628	(3.6)%	3,819	(8.4)%	11,262	11,059	1.8%
EBITDA	312	300	3.8%	441	(29.3)%	1,232	883	39.5%
Margin (%)	8.9%	8.3%		11.6%		10.9%	8.0%	
Profit After Tax (PAT)	12	25	(52.1)%	80	(85.4)%	221	(69)	nm
Margin (%)	0.3%	0.7%		2.1%		2.0%	nm	
Basic EPS (Rs.)	1.86	3.88	(52.0)%	12.69	(85.3)%	34.78	(10.94)	nm

- 9M FY2017 Revenue growth was driven by continued strong performance of the Aerospace & Defence segment (+31.6% y-o-y) as deliveries to its clients ramped up and started deliveries for new projects. Hydraulics segment registered a 7.2% y-o-y growth during 9M FY2017 while Auto segment performance was subdued
- EBITDA margin improved y-o-y due to increased revenue contribution from the Aerospace & Defence segment
- PAT improved from a loss of Rs. (69) million in 9M FY2016 to a profit of Rs. 221 million during 9M FY2017



PERFORMANCE HIGHLIGHTS

Foreign Exchange Fluctuation

Exchange Rate	Q3 FY2017	Q3 FY2016	Impact	Impact %	Q2 FY2017	Impact	Impact %
EURO vs. INR	74.35	71.60	2.75	3.8%	75.15	(0.80)	(1.1)%
GBP vs. INR	89.30	99.44	(10.15)	(10.2)%	92.02	(2.72)	(3.0)%
USD vs. INR	67.12	64.78	2.33	3.6%	66.95	0.17	0.3%

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

Particulars	Q3 FY2017 vs. Q3 FY2016				Q3 FY2017 vs. Q2 FY2017			
	Erla	DL UK	JFTL	Total Impact	Erla	DL UK	JFTL	Total Impact
<i>Currency</i>	EURO	GBP	EURO		EURO	GBP	EURO	
Revenue (Rs. mn)	65.2	(63.7)	3.1	4.6	(19.0)	(17.1)	(0.9)	(40.3)
EBITDA (Rs. mn)	1.3	(9.5)	3.1	(5.0)	(0.4)	(2.6)	(0.9)	(7.1)

- Revenue for the quarter benefitted by Rs. 4.6 mn on y-o-y basis on account of favorable foreign exchange variations
- Q3 FY2017 EBITDA included a loss of Rs. (5.0) mn on account of unfavorable foreign exchange variations compared to Q3 FY2016
- The Company has exposure to EUR, GBP and USD. The impact from EUR and USD denominated transactions had a positive impact on performance. However, GBP denominated transactions had an unfavorable impact

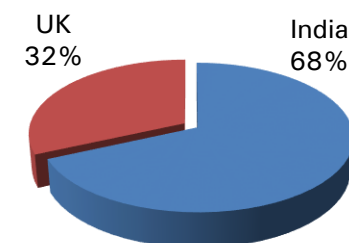


AEROSPACE AND DEFENCE SEGMENT

Financial Overview

Rs. million	Q3		y-o-y Growth (%)	Q2 FY17	q-o-q Growth (%)	Nine Month		y-o-y Growth (%)
	FY17	FY16				FY17	FY16	
Revenue	850	665	27.8%	823	3.3%	2,521	1,915	31.6%
India	581	352	65.3%	531	9.4%	1,612	954	69.1%
UK	269	314	(14.2)%	292	(7.8)%	909	962	(5.5)%
EBITDA	250	174	43.2%	248	0.8%	775	483	60.5%
<i>Margin (%)</i>	<i>29.4%</i>	<i>26.2%</i>		<i>30.1%</i>		<i>30.7%</i>	<i>25.2%</i>	
India	188	135	39.0%	216	(12.8)%	609	341	78.8%
<i>Margin (%)</i>	<i>32.4%</i>	<i>38.5%</i>		<i>40.6%</i>		<i>37.8%</i>	<i>35.7%</i>	
UK	62	39	57.8%	32	92.7%	166	142	16.7%
<i>Margin (%)</i>	<i>23.0%</i>	<i>12.5%</i>		<i>11.0%</i>		<i>18.2%</i>	<i>14.8%</i>	

Q3 FY17 Revenue Breakup



Performance Overview

- Revenue growth driven by continued order book execution and deliveries in India; Deliveries started to Airbus. UK growth was impacted by unfavorable foreign exchange fluctuations and the holiday season
- EBITDA margin improved due to continued ramp up of customer orders
- **Outlook:** Strong order book in excess of Rs 60 billion. New enquiries and orders to further strengthen the order book. New facility in Bangalore to become operational from February 15, 2017
- **Strategy:** Ramp-up of the state-of-the-art Bangalore facility; developing capabilities in large aero-structural assemblies, composites, and high precision aero-structure design and engineering

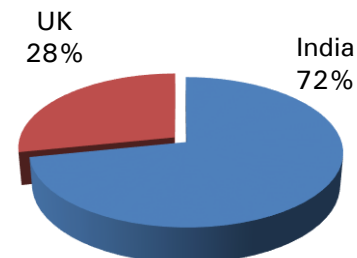


HYDRAULICS SEGMENT

Financial Overview

Rs. million	Q3		y-o-y Growth (%)	Q2 FY17	q-o-q Growth (%)	Nine Month		y-o-y Growth (%)
	FY17	FY16				FY17	FY16	
Revenue	696	623	11.8%	692	0.6%	2,069	1,930	7.2%
India	500	398	25.8%	481	3.9%	1,424	1,232	15.6%
UK	196	225	(12.8)%	211	(6.9)%	645	699	(7.7)%
EBITDA	94	67	40.7%	96	(1.4)%	282	215	30.8%
<i>Margin (%)</i>	<i>13.6%</i>	<i>10.8%</i>		<i>13.8%</i>		<i>13.6%</i>	<i>11.2%</i>	
India	80	70	14.1%	89	(10.0)%	244	206	18.0%
<i>Margin (%)</i>	<i>16.0%</i>	<i>17.6%</i>		<i>18.4%</i>		<i>17.1%</i>	<i>16.7%</i>	
UK	15	(3)	nm	7	108.5%	38	9	320.7%
<i>Margin (%)</i>	<i>7.4%</i>	<i>(1.3)%</i>		<i>3.3%</i>		<i>5.9%</i>	<i>1.3%</i>	

Q3 FY17 Revenue Breakup



Performance Overview

- Despite the impact of demonetisation, Hydraulics segment performance in India remained robust; UK growth during the quarter was impacted by unfavourable foreign exchange fluctuations and the holiday season. On a constant currency basis UK registered marginal growth
- Incorporated a representative sales office in the US to expand in the north American markets
- **Outlook:** Hydraulic sector performance in India expected to remain strong on the back of improved farm sentiment and investment in the infrastructure sector. Ramp up of new order in the UK expected in Q4 FY2017
- **Strategy:** Focus on OEM market and exports. Growth through replacement market and lean manufacturing systems

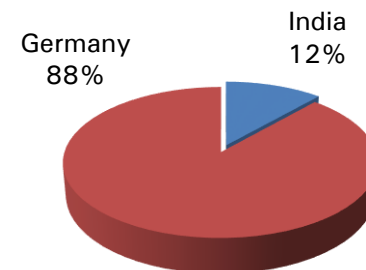


AUTOMOTIVE SEGMENT

Financial Overview

Rs. million	Q3		y-o-y Growth (%)	Q2 FY17	q-o-q Growth (%)	Nine Month		y-o-y Growth (%)
	FY17	FY16				FY17	FY16	
Revenue	1,945	2,335	(16.7)%	2,303	(15.5)%	6,662	7,200	(7.5)%
India – M	164	234	(29.9)%	186	(11.8)%	550	766	(28.3)%
India – F	62	62	0.0%	95	(34.6)%	262	218	19.9%
Germany	1,719	2,039	(15.7)%	2,022	(15.0)%	5,851	6,215	(5.9)%
EBITDA	(8)	81	<i>nm</i>	97	<i>nm</i>	206	236	(12.6)%
<i>Margin (%)</i>	<i>(0.4)%</i>	<i>3.5%</i>		<i>4.2%</i>		<i>3.1%</i>	<i>3.3%</i>	
India – M	(31)	(20)	<i>nm</i>	(21)	<i>nm</i>	(73)	(85)	<i>nm</i>
<i>Margin (%)</i>	<i>(18.9)%</i>	<i>(8.6)%</i>		<i>(11.5)%</i>		<i>(13.3)%</i>	<i>(11.1)%</i>	
India – F	(11)	28	<i>nm</i>	16	<i>nm</i>	21	49	<i>(57.9)%</i>
<i>Margin (%)</i>	<i>(17.0)%</i>	<i>44.5%</i>		<i>16.9%</i>		<i>7.9%</i>	<i>22.7%</i>	
Germany	34	73	(54.0)%	102	(66.9)%	259	272	(4.9)%
<i>Margin (%)</i>	<i>2.0%</i>	<i>3.6%</i>		<i>5.1%</i>		<i>4.4%</i>	<i>4.4%</i>	

Q3 FY17 Revenue Breakup



Note:
 India – M: India – Machining
 India – F: India – Iron Foundry

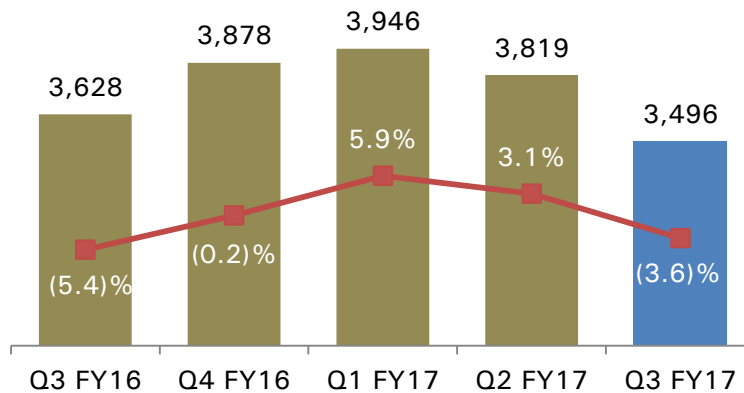
Performance Overview

- Revenue growth was subdued due to the recent demonetization policy of the central government; growth in Germany impacted by strategic product rationalization
- **Outlook:** New order wins in Germany to drive both revenue and profitability in the coming year
- **Strategy:** Focus on high margin product mix, exports, ramp-up of existing products, performance-critical components, customer diversification, steel castings and capacity utilization

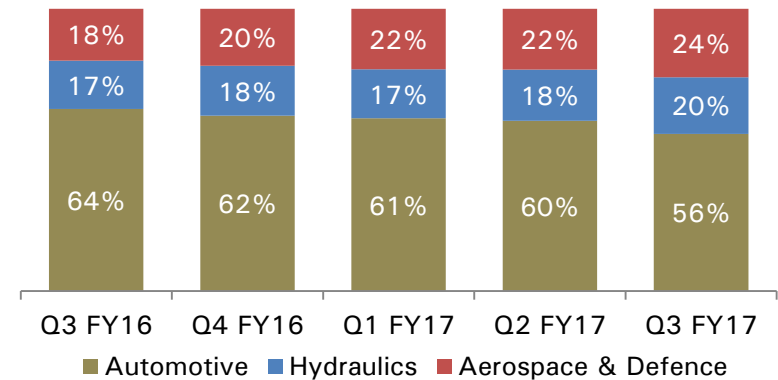


QUARTERLY FINANCIAL TRENDS

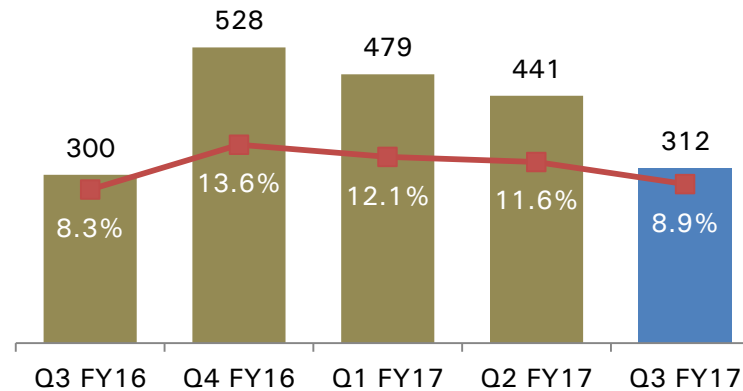
Revenue (Rs. mn) and Growth (Y-o-Y)



Segment Wise Revenue Contribution



EBITDA (Rs. mn) and Margin (%)



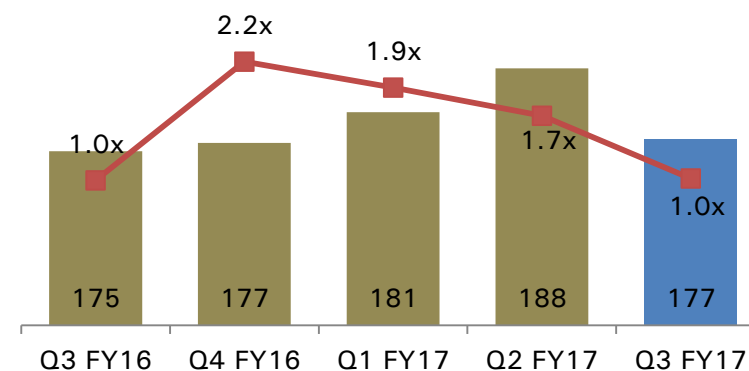


QUARTERLY FINANCIAL TRENDS

Capital Structure

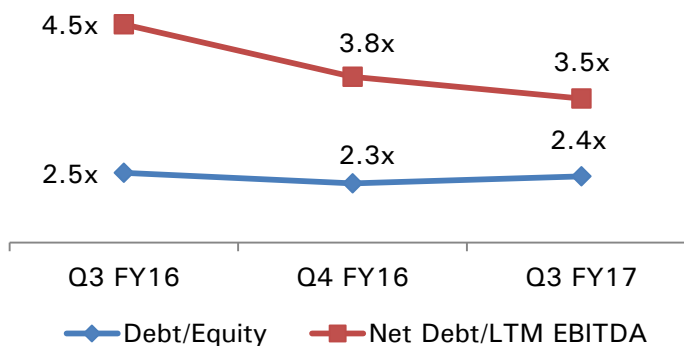
(Rs. million)	Dec 31, 2016	Mar 31, 2016
Long Term Borrowings	4,936	5,038
Short Term Borrowings	1,313	920
Total Debt	6,249	5,958
Less: Cash & Cash Equivalents	125	627
Net Debt	6,124	5,331
Net Worth	2,592	2,576

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



Note: Interest Coverage ratio = Operating Profit/Interest Expense

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



Credit Ratings

- India Rating & Research (a Fitch Group company) has assigned a long term issuer rating of "IND A-" with Stable outlook
- ICRA has re-affirmed the long term rating for Line of Credit at ICRA BBB+. The outlook has been revised from Stable to Positive



DYNAMATIC OVERVIEW

Diversified business

- A combination of stable and high growth businesses with highly engineered products for the automotive, hydraulic, aerospace and defense 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 35 years
- Has 65% share of the Indian organized tractor market, supplies to almost all OEMs in India
- Pioneer and leader in the Indian private sector 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 and Defense facilities in Bangalore, headquarters of primary clients and in Bristol, UK's south west aerospace hub



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 11 facilities across India (Bangalore, Chennai, Coimbatore, Nasik), UK (Swindon, Bristol) and Germany (Schwarzenberg)

R&D and Intellectual Property

- Owns 17 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: Audi, BMW, Daimler, Ford, Hyundai, Nissan, Tata Motors, Volkswagen
- Hydraulics: Caterpillar, Cummins, Eicher, Escorts, John Deere, Mahindra & Mahindra, New Holland Fiat, Same Deutz-Fahr
- Aerospace and Defence: 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 11 Directors Independent



DYNAMATIC TECHNOLOGIES LIMITED

DYNAMATIC OVERVIEW

Combination of Stable and High Growth Businesses

AUTOMOTIVE

56% of Q3
FY17
Revenue

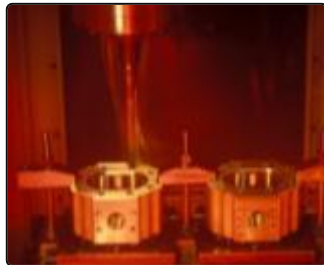


- Ferrous and non-ferrous automotive components including engine, transmission, turbocharger and chassis parts
- Metallurgical ferrous and aluminium castings

- Audi
- BMW
- Daimler
- Ford
- Hyundai
- Nissan
- Tata Motors
- Volkswagen

HYDRAULICS

20% of Q3
FY17 Revenue



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

- Caterpillar
- Eicher
- Escorts
- John Deere
- Mahindra & Mahindra
- New Holland Fiat
- Same Deutz-Fahr

AEROSPACE & DEFENCE

24% of Q3
FY17 Revenue



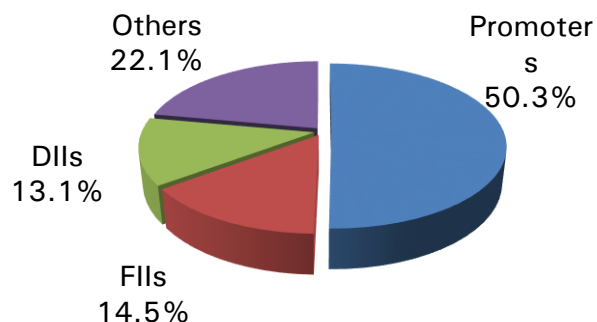
- Wings, rear fuselages, ailerons, wing flaps and major airframe structures
- Ramp structure assembly
- AFT Pylon assembly
- Defense products and solutions

- Airbus
- Boeing
- Bell
- Spirit
- HAL



BLUE CHIP INVESTOR BASE

Shareholding Structure



Shareholding Pattern Trend

Shareholders	Mar-16	Sep-16	Dec-16
Promoters	51.1%	51.1%	50.3%
FII's	14.5%	14.5%	14.5%
DII's	11.2%	12.4%	13.1%
Others	23.2%	22.1%	22.1%
Total	100.0%	100.0%	100.0%

Key Institutional Investors

- HDFC Mutual Fund
- Samena Capital and Group
- Alchemy and Group
- Goldman Sachs Group
- SBI Mutual Fund
- Param Capital and Group
- L&T Mutual Fund

Equity History

Year	Event	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

Income Statement (Quarterly Trend)

Profit & Loss Statement (Rs. million)	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17
Revenues					
Net Sales / Income from Operations (Net of Excise Duty)	3,598	3,847	3,913	3,791	3,469
Other Operating Income	30	32	33	28	28
Total Revenues	3,628	3,878	3,946	3,819	3,496
Expenses					
Cost of Raw Materials Consumed	2,150	2,103	2,169	2,274	1,999
Changes in Inventories of Finished Goods, WIP and Stock in Trade	(77)	(14)	(26)	(163)	(2)
Employee Benefit Expenses	542	559	580	559	572
Other Expenditure	712	703	743	709	615
Total expenses	3,327	3,351	3,467	3,378	3,184
Operating Profit (EBITDA)	300	528	479	441	312
Depreciation and Amortization Expenses	127	138	128	131	133
EBIT	173	390	351	310	179
Other Income	4	28	26	20	35
Finance Costs	175	177	181	188	177
PBT – Pre Exceptional	2	241	197	142	36
Exceptional (Gain)/ Losses	0	0	0	0	0
PBT	2	241	197	142	36
Tax Expenses	(22)	49	68	62	24
PAT	25	192	128	80	12
Basic EPS (Rs)	3.88	30.30	20.23	12.69	1.86
Margins (%)					
Gross Margins	42.9%	46.1%	45.7%	44.7%	42.9%
EBITDA margins	8.3%	13.6%	12.1%	11.6%	8.9%
PAT margins	0.7%	5.0%	3.3%	2.1%	0.3%
Y-o-Y Growth (%)					
Total Revenues	(5.4)%	(0.2)%	5.9%	3.1%	(3.6)%
EBITDA	(12.3)%	59.4%	95.9%	30.5%	3.8%
PAT	328.5%	281.2%	nm	nm	(52.1)%
Q-o-Q Growth (%)					
Total Revenues	(2.0)%	6.9%	1.8%	(3.2)%	(8.4)%
EBITDA	(11.1)%	75.6%	(9.1)%	(8.0)%	(29.3)%
PAT	680.1%	681.5%	(33.2)%	(37.3)%	(85.4)%
Effective Tax Rate	nm	20.4%	34.7%	43.4%	67.3%



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Income Statement (Annual Trend)

Profit & Loss Statement (Rs. million)	FY15	FY16
Revenues		
Net Sales / Income from Operations (Net of Excise Duty)	16,115	14,806
	177	132
Other Operating Income	16,292	14,938
Total Revenues		
Expenses		
Cost of Raw Materials Consumed	9,552	8,502
Changes in Inventories of Finished Goods, WIP and Stock in Trade	(96)	(111)
Employee Benefit Expenses	2,360	2,192
Other Expenditure	2,962	2,945
Total expenses	14,778	13,527
Operating Profit (EBITDA)	1,514	1,410
Depreciation and Amortization Expenses	509	524
EBIT	1,005	886
Other Income	103	50
Finance Costs	799	727
PBT – Pre Exceptional	308	208
Exceptional (Gain)/ Losses	(191)	0
PBT	499	208
Tax Expenses	213	86
PAT	287	122
Basic EPS (Rs)	47.28	19.36
Margins (%)		
Gross Margins	42.0%	43.8%
EBITDA margins	9.3%	9.4%
PAT margins	1.8%	0.8%
Y-o-Y Growth (%)		
Total Revenues		(5.9)%
EBITDA		(13.4)%
PAT		(11.2)%
Effective Tax Rate	42.6%	41.3%



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Balance Sheet – Assets

Balance Sheet (Rs. million)	Mar-15	Sep-15	Mar-16	Sep-16
ASSETS				
Non-Current Assets				
Goodwill	879	950	936	884
Fixed Assets	5,600	5,685	5,617	5,611
Non-Current Investment	0	0	1	1
Deferred tax asset (net)	0	0	0	0
Long Term Loans and Advances	242	223	260	238
Other Non Current Assets	161	139	128	258
Total Non-Current Assets	6,882	6,998	6,942	6,991
Current Assets				
Inventories	2,272	2,504	2,561	2,821
Trade Receivables / Sundry Debtors	1,131	1,049	1,228	1,218
Cash and Cash Equivalents	761	432	627	293
Short-Term Loans and Advances	314	351	345	506
Other Current Assets	138	179	111	218
Total Current Assets	4,616	4,514	4,873	5,056
TOTAL ASSETS	11,498	11,512	11,814	12,048



DYNAMATIC TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

Balance Sheet – Liabilities

Balance Sheet (Rs. million)	Mar-15	Sep-15	Mar-16	Sep-16
EQUITY and LIABILITIES				
Shareholders Fund				
Share capital	63	63	63	63
Reserves and surplus	2,453	2,397	2,513	2,588
Money Received against Share Warrants	0	0	0	0
Non-controlling interest (Preference capital)	4	0	0	0
Total Shareholders Fund	2,520	2,460	2,576	2,651
Non-Current Liabilities				
Long-Term Borrowings	2,658	3,977	3,999	4,473
Deferred Tax Liabilities (net)	276	282	253	240
Other Long Term Liabilities	30	32	15	12
Long Term Provisions	68	67	78	91
Total Non-Current Liabilities	3,032	4,358	4,345	4,816
Current Liabilities				
Short-Term Borrowings	1,397	956	920	1,300
Trade Payables	2,743	1,907	2,396	2,290
Other Current Liabilities	1,580	1,581	1,452	809
Short-Term Provisions	226	251	125	182
Total Current Liabilities	5,946	4,694	4,893	4,580
TOTAL EQUITY AND LIABILITIES	11,498	11,512	11,814	12,048



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 Technologies undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.



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