

DYNAMATIC TECHNOLOGIES LIMITED

Q3 and 9M FY2021 **EARNINGS**  
PRESENTATION



Hydraulics



Aerospace



Automotive &  
Metallurgy



# DYNAMATIC TECHNOLOGIES LIMITED



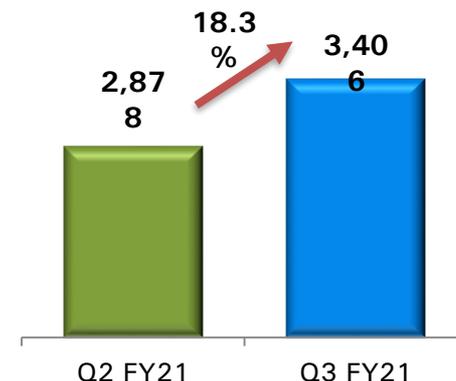
## RESURGENCE POST COVID

### Highlights Q3 FY2021 vs. Q2 FY2021

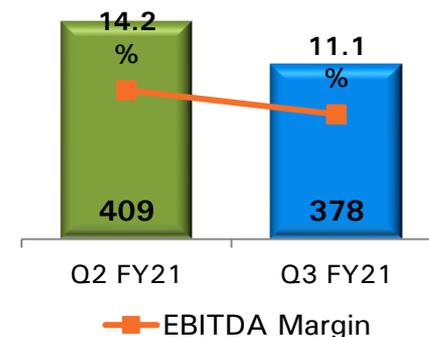
The company has witnessed robust top-line growth over the past 2 quarters

- Net Revenue of Rs.3,406 mn; up 18.3% from Rs. 2,878 mn in Q2 FY21
  - Aerospace segment revenue of Rs. 908 mn; down 2.5% from Rs. 931 mn, the marginal decline was due to the shorter quarter because of Christmas and new year in Europe
  - Hydraulics segment revenue of Rs. 834 mn; up 9.3% from Rs. 763 mn. An improved harvest season, the Governments rural development schemes and record water levels in reservoirs helped improve the tractor sales
  - Automotive & Metallurgy segment revenue of Rs. 1,631 mn; up by 39.3% from Rs. 1,171 mn. Higher sales during the third quarter due to pent up demand has proven beneficial to the segment
- EBITDA of Rs. 378 mn; down 7.6% from Rs. 409 mn in Q2 FY21. EBITDA margin of 11.1%, down 311 bps
- PAT of Rs. 11 mn, down 32.5% from Rs.17 mn in Q2 FY21

### Revenue (Rs. mn)



### EBITDA (Rs. mn)





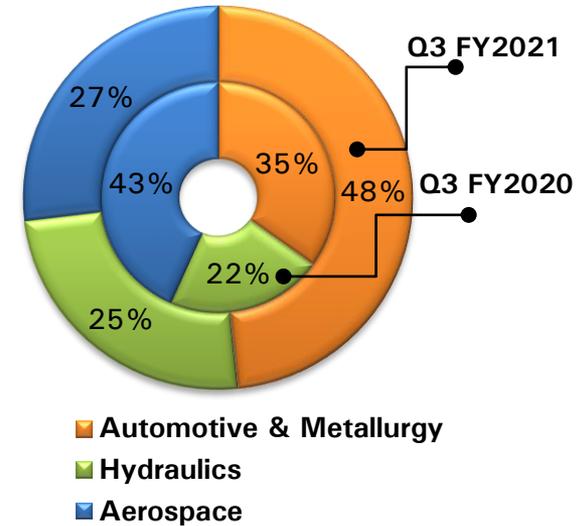
# DYNAMATIC TECHNOLOGIES LIMITED

## Q3 FY2021 PERFORMANCE HIGHLIGHTS

### Highlights Q3 FY2021 vs. Q3 FY2020

- Net Revenue of Rs. 3,406 mn; up 10.6% from Rs. 3,078 mn in Q3 FY20
  - Aerospace segment revenue of Rs. 908 mn; down 31.5% from Rs. 1,325 mn
  - Hydraulics segment revenue of Rs. 834 mn; up 25.5% from Rs. 664 mn
  - Automotive & Metallurgy segment revenue of Rs. 1,631 mn; up by 52.9% from Rs. 1,067 mn
- EBITDA of Rs. 378 mn; down 14.7% from Rs. 443 mn in Q3 FY20
  - EBITDA margin of 11.1%; down 329 bps
- PAT of Rs. 11 mn, down 91.1% from Rs. 128 mn in Q3 FY20

### Q3 FY2021 Revenue Breakup





# DYNAMATIC TECHNOLOGIES LIMITED

## PERFORMANCE HIGHLIGHTS

### Management Commentary

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

“The pandemic has tested our resilience, I am pleased to announce that the company has persevered, and we have registered continuous growth in top line over the last two quarters of FY21. This was primarily led by an uptick in the auto industry due to the festival season and pent-up demand arising from the lockdown. The tractor industry is poised to beat it’s all-time record of sales, which has proved favourable to the hydraulic segment. Sale of commercial aircraft continue to be muted, as flights have been grounded and demand has reduced. To offset this, the company has concentrated production in the defense sector. With the roll out of the vaccine, our customers have issued guidance that sales will return to normalcy over the next year.

Our wholly owned subsidiary JKM Ferrotech Limited (JFTL), has signed a binding term sheet dated 1<sup>st</sup> Feb 2021 with Danblock Brakes India Pvt Limited for the sale of its foundry business assets for a consideration of approximately INR 70-75 crores. The net proceeds available after meeting JFTL’s obligations, will be used by the Group for debt optimization and augmentation of working capital. The aforesaid transaction would also improve the company’s operating margins and overall credit metrics.

The company being a net exporter, has converted a major portion of its existing rupee term loan into a dollar loan (FCTL / FCNR / Swap transactions), which will result in reduction of interest cost.

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 across our Aerospace and Hydraulics segments and provides a positive outlook for the business.”

FCTL: Foreign Currency Term Loan  
FCNR: Foreign Currency Non Resident Account

# DYNAMATIC TECHNOLOGIES LIMITED



## FINANCIAL PERFORMANCE SUMMARY

### Consolidated Performance Highlights

Rs. Million	Q3		y-o-y Growth (%)	Q2 FY21	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY21	FY20				FY21	FY20	
Revenue	3,406	3,078	10.6%	2,878	18.3%	8,194	10,030	(18.3)%
EBITDA	378	443	(14.7)%	409	(7.6)%	971	1,495	(35.0)%
Margin (%)	11.1%	14.4%		14.2%		11.8%	14.9%	
Profit Before Tax (PBT)	22	(3)	nm	10	114.7%	(173)	250	nm
Profit After Tax (PAT)	11	128	(91.1)%	17	(32.5)%	(141)	297	nm
Margin (%)	0.3%	4.1%		0.6%		nm	3.0%	
Basic EPS (Rs.)	1.80	20.14	(91.1)%	2.68	(32.8)%	(22.24)	46.91	nm

- Q3 FY2021 revenues from the Aerospace segment decreased by 31.5%, Automotive & Metallurgy segment increased by 52.9% and the Hydraulics segment increased by 25.5% on a y-o-y basis
- Q3 FY2021 EBITDA decreased by 14.7% y-o-y with margin of 11.1%. The decline in EBITDA is mainly due to our segment mix during the quarter. Our aerospace and hydraulics business segments are higher margin compared to automotive segment



## PERFORMANCE HIGHLIGHTS

### Foreign Exchange Fluctuation

Exchange Rate	Q3 FY2021	Q3 FY2020	Impact	Impact %	Q2 FY2021	Impact	Impact %
EURO vs. INR	86.3	78.4	7.8	10.0%	85.4	0.9	1.0%
GBP vs. INR	95.9	89.3	6.7	7.5%	95.1	0.8	0.8%
USD vs. INR	74.6	70.4	4.3	6.1%	75.1	(0.5)	(0.6)%

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

Particulars	Q3 FY2021 vs. Q3 FY2020				Q3 FY2021 vs. Q2 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)	122.2	25.0	51.2	198.4	13.6	3.0	(3.5)	13.1
EBITDA (Rs. mn)	4.4	(3.8)	30.7	31.4	0.5	(0.5)	(2.1)	(2.1)

- On a constant currency basis, Q3 FY2021 revenue, if adjusted for a foreign exchange impact of Rs.198.4 mn would be Rs. 3,208 mn (representing a gain of 4.2% compared to a gain of 10.6% before adjustment).
- On a constant currency basis, Q3 FY2021 EBITDA, if adjusted for a foreign exchange impact of Rs. 31.4 mn would be Rs.347 mn (compared to Rs. 378 mn before adjustment).
- The Company has exposure to EUR, GBP and USD. The impact from transactions of all currencies were favorable on a Y-o-Y basis

# DYNAMATIC TECHNOLOGIES LIMITED



## AEROSPACE SEGMENT

### Financial Overview

Rs. Million	Q3		y-o-y Growth (%)	Q2 FY21	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY21	FY20				FY21	FY20	
Revenue	908	1,325	(31.5)%	931	(2.5)%	2,652	3,713	(28.6)%
EBITDA	244	367	(33.5)%	304	(19.7)%	798	1,164	(31.5)%
Margin (%)	26.9%	27.7%		32.7%		30.1%	31.4%	

### Performance Overview

- A pivot towards the production for the defense sector was able to partially offset the sluggish sales of the civil aviation sector
- **Outlook:** Demand is expected to be driven by the defense aviation sector which will not face any material impact in the near to medium term.
- The recent budget announcement pertaining to an increase of the capital outlay of close to 19% from the previous year for the defense sector bodes well for the aerospace segment and provides a positive outlook
- **Strategy:** Enhancing capability in large aero-structure assemblies, high precision aero-structure manufacturing, design and engineering



# DYNAMATIC TECHNOLOGIES LIMITED

## HYDRAULICS SEGMENT

### Financial Overview

Rs. Million	Q3		y-o-y Growth (%)	Q2 FY21	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY21	FY20				FY21	FY20	
Revenue	834	664	25.5%	763	9.3%	2,002	2,298	(12.9)%
EBITDA	96	47	104.3%	89	7.9%	174	214	(18.7)%
Margin (%)	11.5%	7.1%		11.7%		8.7%	9.3%	

### Performance Overview

- Hydraulics segment has registered robust growth over the past two quarters post COVID
- An improvement in agricultural harvests, rural development schemes, higher minimum support prices and record water levels have all contributed to the increased sales volume of tractors. Globally US would witness a similar growth in the tractor segment. We have also witnessed price increase of the customers
- **Outlook:** Higher allocation under the rural development fund will aid in the development of infrastructure for agriculture and its allied activities. A largely positive outlook for the hydraulics segment.
- Higher infrastructure allocation as per the recent budget for highway construction will provide a boost for construction equipment sales and the heavy vehicle industry
- **Strategy:** Focus on catering to the increased demand, particularly aided by an increased shift to power steering tractors and hence the need for double pumps, optimize cost of operations and develop new products to increase wallet share.

# DYNAMATIC TECHNOLOGIES LIMITED



## AUTOMOTIVE AND METALLURGY SEGMENT

### Financial Overview

Rs. Million	Q3		y-o-y Growth (%)	Q2 FY21	q-o-q Growth (%)	9M		y-o-y Growth (%)
	FY21	FY20				FY21	FY20	
Revenue	1,631	1,067	52.9%	1,171	39.3%	3,493	3,997	(12.6)%
EBITDA	68	53	28.3%	34	100.0%	47	221	(78.8)%
Margin (%)	4.2%	5.0%		2.9%		1.3%	5.5%	

### Performance Overview

- An uptick in the auto industry during Q3 FY2021 owing to pent up demand from the first half of the year has resulted in significant growth for the auto segment
- **Outlook:** Although the auto industry has witnessed a gradual recovery in the past quarters, it bodes well to be cautiously optimistic of the continuing growth trend going forward
- The growth in the auto industry was primarily due to the festive season during the period, pent up demand in channels and preference of personal transport
- **Strategy:** Focus on high margin product mix, performance-critical components and capacity utilization. Focus on diversification into Aerospace castings and forgings



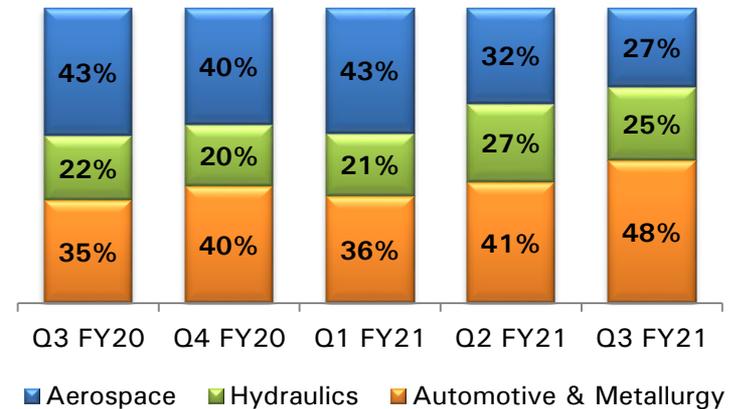
# DYNAMATIC TECHNOLOGIES LIMITED

## QUARTERLY FINANCIAL TRENDS

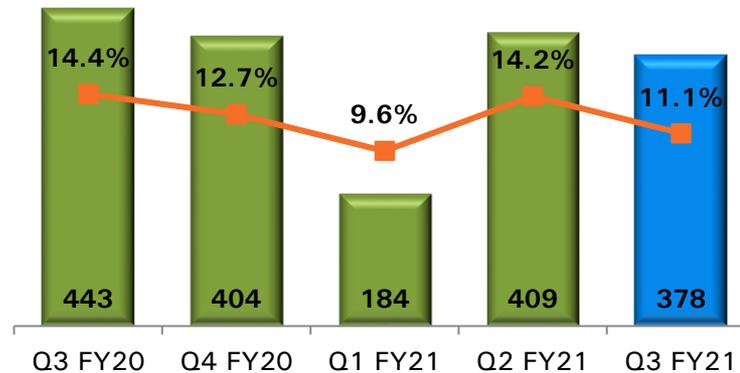
### Revenue (Rs. mn) and Growth % (Q-o-Q)



### Segment Wise Revenue Contribution



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





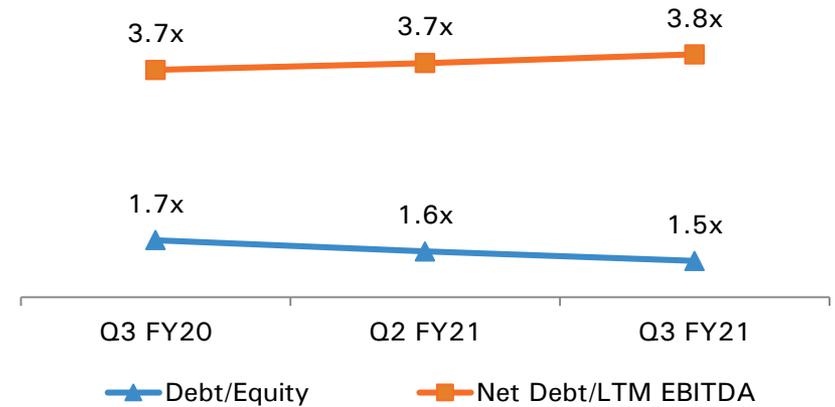
# DYNAMATIC TECHNOLOGIES LIMITED

## QUARTERLY FINANCIAL TRENDS

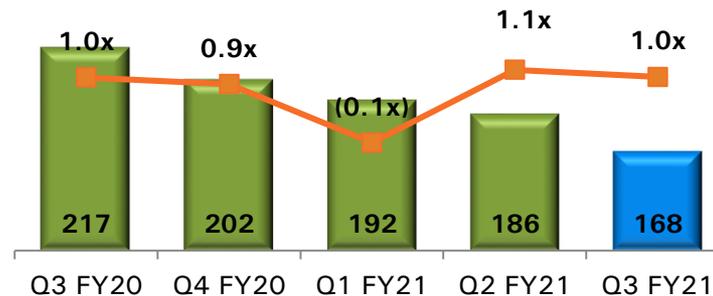
### Capital Structure

(Rs. million)	Mar-20	Jun-20	Sep-20	Dec-20
Long Term	3,876	3,922	3,909	3,839
Short Term	2,200	2,084	2,025	1,872
<b>Total Debt</b>	<b>6,076</b>	<b>6,006</b>	<b>5,934</b>	<b>5,711</b>
Less: Cash & Cash Equivalents	830	569	568	453
<b>Net Debt</b>	<b>5,246</b>	<b>5,437</b>	<b>5,366</b>	<b>5,258</b>
Add: Lease Liabilities	1,353	1,295	1,256	1,224
<b>Overall Debt</b>	<b>6,599</b>	<b>6,732</b>	<b>6,622</b>	<b>6,482</b>
Net Worth	3,731	3,598	3,679	3,775

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



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



Note:

1. Interest Coverage ratio = Operating Profit / Interest Expense

# 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 and automotive turbochargers; 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 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 facility in Germany, a global auto OEM hub
- Aerospace facilities in Bangalore, headquarters of primary clients and in Bristol, UK's south west aerospace hub



# DYNAMATIC TECHNOLOGIES LIMITED

## DYNAMATIC OVERVIEW

### Vertically Integrated Facilities

- Advanced iron foundry in Germany.
- 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 9 facilities across India (Bangalore, Chennai, 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, Hyundai, Volkswagen, Sundaram Fasteners
- 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

### AUTOMOTIVE & METALLURGY

40% of 9M FY21  
Revenue



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

- Audi
- BMW
- Daimler
- Ford
- Hyundai
- Nissan
- MAN
- Volkswagen
- BorgWarner

### AEROSPACE

37% of 9M FY21  
Revenue

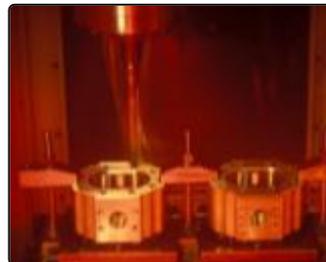


- Wings, rear fuselages, ailerons, wing flaps and major airframe structures
- Ramp structure assembly
- AFT Pylon assembly

- Airbus
- Boeing
- Bell
- Spirit Aerosystems
- HAL

### HYDRAULICS

23% of 9M FY21  
Revenue



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

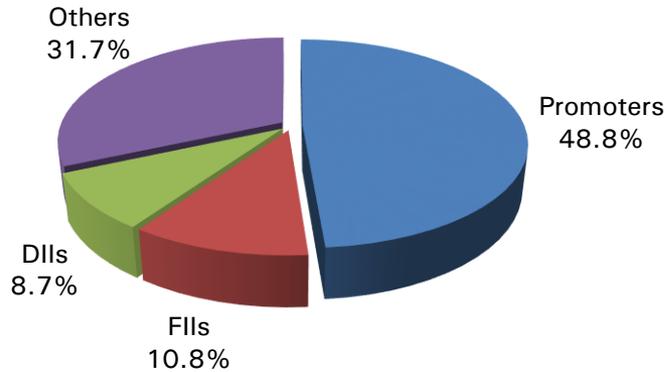
- Cummins
- Eicher
- Escorts
- John Deere
- JCB
- Mahindra & Mahindra
- New Holland
- Same Deutz-Fahr
- Terex



# DYNAMATIC TECHNOLOGIES LIMITED

## BLUE CHIP INVESTOR BASE

### Shareholding Structure



### Key Institutional Investors

- Samena Capital
- HDFC Mutual Fund
- Alchemy and Group
- Mukul Agarwal and Group
- Girish Gulati - HUF

### Shareholding Pattern Trend

Shareholders	Mar-20	Jun-20	Sep-20	Dec-20
Promoters	48.8%	48.8%	48.8%	48.8%
FII	14.8%	14.4%	10.8%	10.8%
DII	10.6%	10.6%	8.9%	8.7%
Others	25.8%	26.2%	31.5%	31.7%
<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 Income Statement (Y-o-Y and Q-o-Q Comparison)

Profit & Loss Statement (Rs. million)	Q3 FY20*	Q2 FY21	Q3 FY21
<b>Revenues</b>			
Net Sales / Income from Operations	3,078	2,878	3,406
Other Operating Income	-	-	-
<b>Total Revenues</b>	<b>3,078</b>	<b>2,878</b>	<b>3,406</b>
<b>Expenses</b>			
Cost of Raw Materials Consumed	1,394	1,481	1,773
Changes in Inventories of Finished Goods and WIP	90	(121)	38
Employee Benefit Expenses	615	561	589
Other Expenditure	536	548	628
<b>Total expenses excluding D&amp;A</b>	<b>2,635</b>	<b>2,469</b>	<b>3,028</b>
<b>Operating Profit (EBITDA)</b>	<b>443</b>	<b>409</b>	<b>378</b>
Depreciation and Amortization Expenses	231	204	213
<b>EBIT</b>	<b>212</b>	<b>205</b>	<b>165</b>
Other Income	2	(9)	25
Finance Costs	217	186	168
<b>PBT - Pre -Exceptional</b>	<b>(3)</b>	<b>10</b>	<b>22</b>
Exceptional Item	-	0	-
<b>PBT</b>	<b>(3)</b>	<b>10</b>	<b>22</b>
Tax Expenses	(131)	(7)	11
<b>PAT</b>	<b>128</b>	<b>17</b>	<b>11</b>
Basic EPS (Rs)	20.14	2.67	1.80
<b>Margins (%)</b>			
Gross Margins	51.8%	52.8%	46.8%
EBITDA margins	14.4%	14.2%	11.1%
PAT margins	4.1%	0.6%	0.3%
<b>Y-o-Y Growth (%)</b>			
Total Revenues			10.6%
EBITDA			(14.7)%
PAT			(91.1)%

Note: Unaudited Financials Statements  
\* Excluding discontinued operations



# 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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