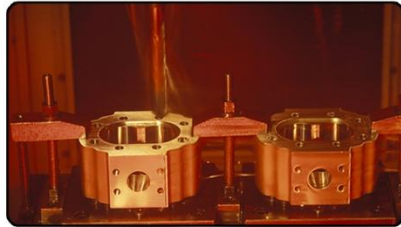


# DYNAMATIC TECHNOLOGIES LIMITED

## Q1 FY2015 **EARNINGS** PRESENTATION



HYDRAULICS



AEROSPACE & DEFENCE



AUTOMOTIVE





# 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 “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.



# DYNAMATIC TECHNOLOGIES LIMITED

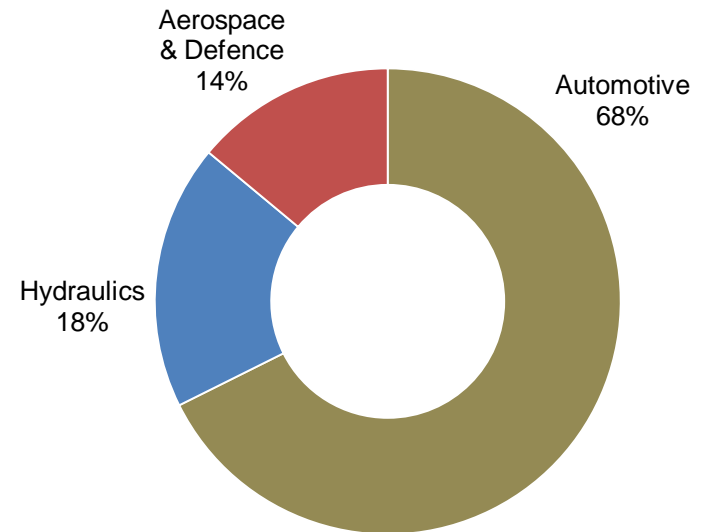
## PERFORMANCE HIGHLIGHTS

### Consolidated Financial Highlights

#### Q1 FY15 Highlights

- Net Revenues increased 19.8% y-o-y to Rs. 4,250 million
- EBITDA increased by 56.0% y-o-y to Rs. 463 million
  - EBITDA margin of 10.9%, an increase of 250 bps over Q1 FY14
- Net Debt of Rs. 5,550 million and Net Worth of Rs. 1,677 million
- Debt/Equity Ratio of 3.7x; Net Debt/LTM EBITDA of 3.1x

#### Q1 FY15 Revenue Breakup





# DYNAMATIC TECHNOLOGIES LIMITED

## PERFORMANCE HIGHLIGHTS

### Management Commentary

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

*“We are pleased to announce a strong topline performance coupled with an improvement in the operational profitability. All our divisions continued to grow on a y-o-y basis, in particular, the strong recovery in the Automotive division led to the increased profitability. This performance is a result of the Company’s focus on driving growth from existing as well as new customers and operating in the high value, high margin product areas. In line with its strategy of optimizing the capital structure, Dynamatic has undertaken various measures for reducing total debt and rationalising the cost of funds. As a result of these initiatives, the Company incurred certain exceptional charges during the quarter which significantly affected the net profit. Going forward, the improved capital structure will result improving the overall profitability.*”

*Dynamatic has an attractive portfolio of stable and high growth businesses, which are vertically integrated to ensure operational advantages and cost competitiveness. Management continues to focus on cost optimization, exports, customer diversification and operating in high value, high margin product areas. This along with higher capacity utilization levels will result in continuing the growth momentum and create long term value for the shareholders. The robust order book of approx. Rs. 30 billion for the next 6 years in the Aerospace business, together with an expected growth in the auto, construction and infrastructure sectors provides us confidence for a strong and sustainable growth of the Company.”*



# DYNAMATIC TECHNOLOGIES LIMITED

## PERFORMANCE HIGHLIGHTS

### Deleveraging Strategy

#### Equity Infusion by the Promoter Group:

- Rs. 125 million in March 2013, Rs. 75 million in March 2014 and Rs. 300 million in FY2015

#### Sale and Lease Back:

- Entered into a sale and lease back transaction without any obligation to repurchase for a facility in Peenya, Bangalore
- Proceeds of Rs. 630 million expected in Q2 FY15; to be used for debt reduction
- An one-time, exceptional income of Rs. 400 expected in Q2 FY15

#### Sale of Non-Core Assets:

- Expect to reduce debt by Rs. 1,000 million in FY2015 through the sale of non-core assets

#### Refinancing:

- Refinanced a EUR18 million loan at the German operations; cost of debt reduced from 6.8% to 3.8%
- Hedging not required as repayment outflows are taken care by cash generated from German operations

#### Loan repayment:

- Full prepayment of the high cost loan from KKR for Rs. 600 million
- Reduces the overall cost of debt from over 20% to 15%
- Repayment made in the beginning of Q1 FY15, resulting in benefits of reduction in interest expenses and higher profitability during the quarter
- Expected to reduce interest burden and enhance profitability in future



# DYNAMATIC TECHNOLOGIES LIMITED

## FINANCIAL PERFORMANCE SUMMARY

### Consolidated Performance Highlights

Rs. million	Q1		y-o-y Growth (%)	Q4	q-o-q Growth (%)
	FY15	FY14		FY14	
Revenue	4,250	3,548	19.8%	4,304	(1.3)%
EBITDA	463	297	56.0%	426	8.7%
<i>Margin (%)</i>	10.9%	8.4%		9.9%	
Profit After Tax (PAT)	(110)	(104)	<i>nm</i>	132	<i>nm</i>
<i>Margin (%)</i>	(2.6)%	(2.9)%		3.1%	
Basic EPS (Rs.)	(19.64)	(19.20)	<i>nm</i>	24.39	<i>nm</i>

- Revenue growth driven by robust performance across all divisions with Automotive, Hydraulics and Aerospace & Defence growing by 19.8%, 12.8% and 30.5%, respectively
- EBITDA margin registered improvement of 250 bps y-o-y. Margin expansion driven by Automotive division, which reported strong expansion in margins of 540 bps y-o-y
- Net Income impacted by a one-time exceptional charge of Rs. 226 million on refinancing, prepayments of debt and cancellation of IRS during the quarter
- Interest and Depreciation expenses reduced by Rs. 25 million compared with Q1 FY2014

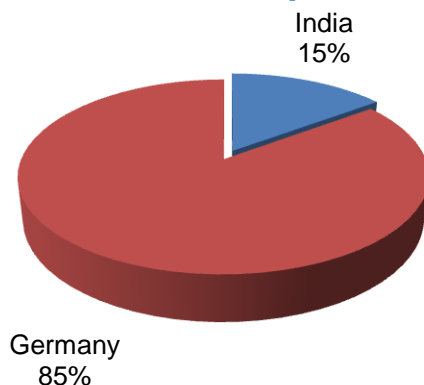


## AUTOMOTIVE SEGMENT

### Financial Overview

Rs. million	Q1		y-o-y growth (%)	Q4 FY14	q-o-q growth (%)
	FY15	FY14			
<b>Revenue</b>	<b>2,873</b>	<b>2,398</b>	<b>19.8%</b>	<b>2,900</b>	<b>(1.0)%</b>
India	428	468	(8.6)%	422	1.4%
Germany	2,445	1,930	26.7%	2,479	(1.4)%
<b>Total EBITDA</b>	<b>218</b>	<b>52</b>	<b>318.2%</b>	<b>157</b>	<b>39.4%</b>
<i>Margin (%)</i>	7.6%	2.2%		5.4%	
India	1	(72)	<i>nm</i>	(10)	<i>nm</i>
<i>Margin (%)</i>	0.2%	(15.5)%		(2.3)%	
Germany	217	125	74.4%	166	30.6%
<i>Margin (%)</i>	8.9%	6.5%		6.7%	

### Q1 FY15 Revenue Breakup



### Performance Overview

- India revenue remained subdued
- However, achieved profitability driven by profitable sales mix and cost saving initiatives undertaken during FY14
- Germany business recorded significant growth y-o-y mainly due to increase in sales volumes
- Profitability increased y-o-y due to a better product mix
- India business has started focusing on exports by leveraging the German operations
- **Outlook:** Higher revenue and profitability expected driven by steel castings production by German foundry; recovery in the domestic auto industry also expected to improve demand
- **Strategy:** Focus on high margin product mix, exports, ramp-up of existing products, performance-critical components, customer diversification, steel castings and capacity utilization

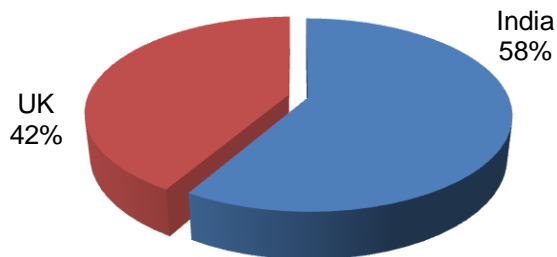


## HYDRAULICS SEGMENT

### Financial Overview

Rs. million	Q1		y-o-y growth (%)	Q4 FY14	q-o-q growth (%)
	FY15	FY14			
<b>Revenue</b>	<b>782</b>	<b>693</b>	<b>12.8%</b>	<b>776</b>	<b>0.8%</b>
India	457	374	22.1%	409	11.8%
UK	325	319	1.8%	366	(11.4)%
<b>Total EBITDA</b>	<b>88</b>	<b>83</b>	<b>6.4%</b>	<b>100</b>	<b>(11.4)%</b>
<i>Margin (%)</i>	<i>11.3%</i>	<i>12.0%</i>		<i>12.8%</i>	
India	73	67	9.9%	63	16.1%
<i>Margin (%)</i>	<i>16.0%</i>	<i>17.8%</i>		<i>15.4%</i>	
UK	15	16	(8.1)%	36	(59.1)%
<i>Margin (%)</i>	<i>4.6%</i>	<i>5.1%</i>		<i>9.9%</i>	

### Q1 FY15 Revenue Breakup



### Performance Overview

- India revenue increased y-o-y led by continued strong demand from the agriculture sector
- UK profitability affected y-o-y due to higher employee cost and payment of management fee
- Offset by growth in higher margin business and cost optimization initiatives
- Recently completed the shifting of a hydraulics plant in Bangalore to support expansion of and drive synergies with Aerospace & Defence division
- **Outlook:**
  - Demand expected from pick up in the domestic construction and infrastructure industries
  - Recovery in automotive industry also expected to contribute to business growth
- **Strategy:** Focus on OEM market, hitch control and mobile valves, rockshaft assemblies, tandem pumps, growth through replacement market and lean manufacturing systems



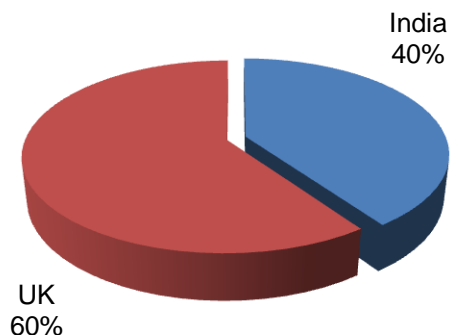


## AEROSPACE AND DEFENCE SEGMENT

### Financial Overview

Rs. million	Q1		y-o-y growth (%)	Q4 FY14	q-o-q growth (%)
	FY15	FY14			
<b>Revenue</b>	<b>593</b>	<b>454</b>	<b>30.5%</b>	<b>629</b>	<b>(5.8)%</b>
India	238	191	25.1%	266	(10.6)%
UK	354	263	34.5%	362	(2.2)%
<b>Total EBITDA</b>	<b>137</b>	<b>152</b>	<b>(10.2)%</b>	<b>162</b>	<b>(15.7)%</b>
<i>Margin (%)</i>	23.1%	33.6%		25.8%	
India	97	88	9.5%	109	(11.7)%
<i>Margin (%)</i>	40.5%	46.3%		41.0%	
UK	40	64	(37.2)%	53	(24.1)%
<i>Margin (%)</i>	11.4%	24.4%		14.7%	

### Q1 FY15 Revenue Breakup



### Performance Overview

- Robust y-o-y growth in revenues of both India and UK businesses due to strong execution of the existing orders as per long-term order book
- Decline in EBITDA margins y-o-y at India and UK operations due to expenses incurred on facilities to enable production as per new orders
- Made significant progress on developing the new advanced Bangalore facility; order execution expected to start from Q4 FY15
- Recently started production for a major contract from Boeing involving manufacture of cabinets and related parts
- **Outlook:** Expect higher growth in the overall business from Q4 when deliveries for new orders are made
- **Strategy:** Establishing state-of-the-art Bangalore facility; developing capabilities in large aero-structural assemblies, composites and complex engineering and focus on multi-axis high speed long bed machining

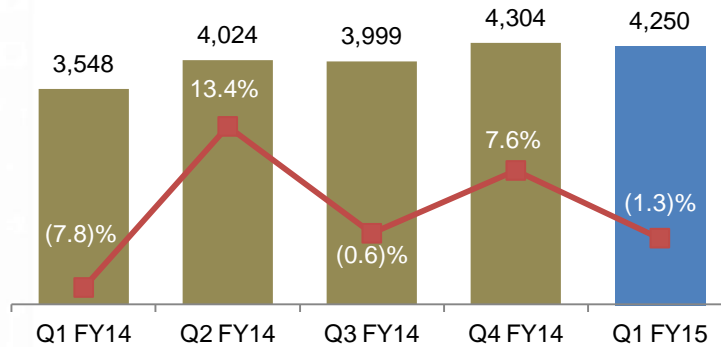


# DYNAMATIC TECHNOLOGIES LIMITED

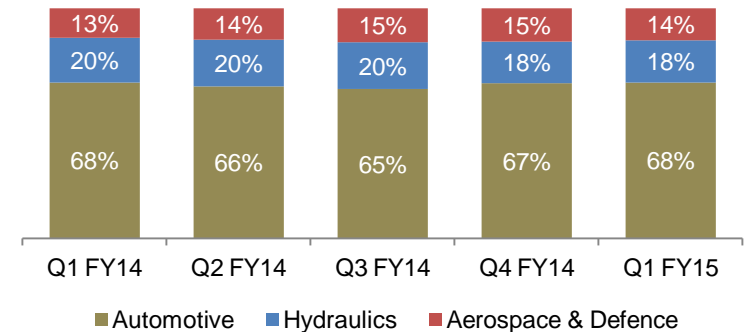
## QUARTERLY FINANCIAL TRENDS

### Strong Financial Performance

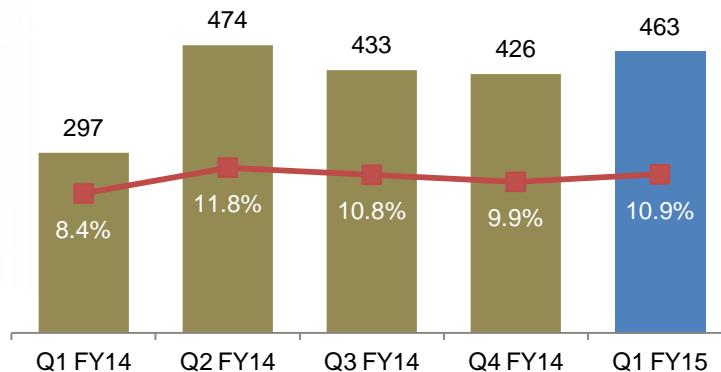
#### Revenue (Rs. mn)



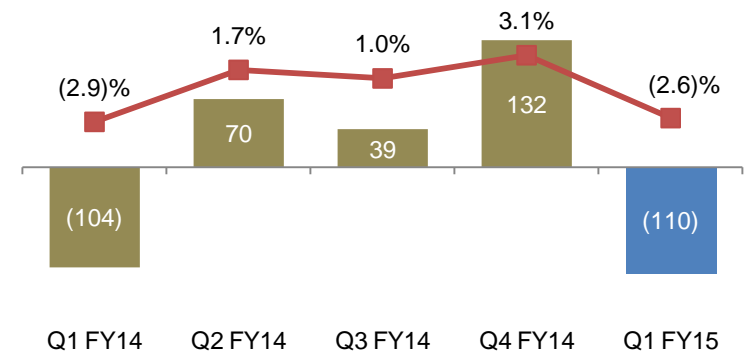
#### Segment Wise Revenue Contribution



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



#### Net Profit (Rs. mn) and Margin (%)





# DYNAMATIC TECHNOLOGIES LIMITED

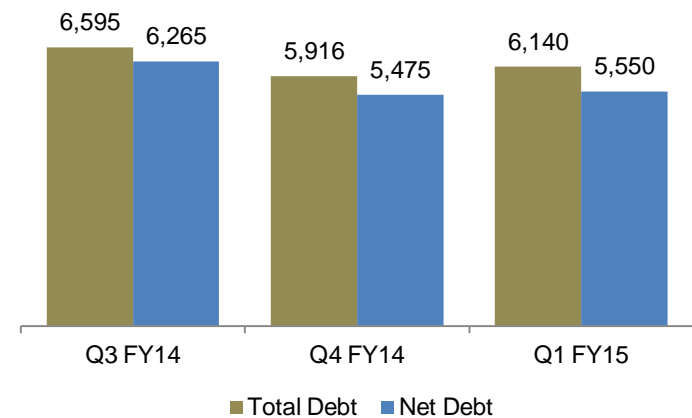
## QUARTERLY FINANCIAL TRENDS

Focus on Deleveraging the Balance Sheet

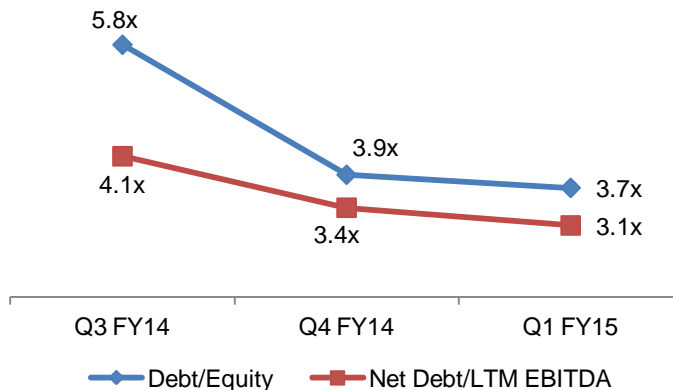
### Capital Structure

(Rs. million)	Jun 30, 2014	Mar 31, 2014
Long Term Borrowings	4,645	4,908
Short Term Borrowings	1,495	1,008
<b>Total Debt</b>	<b>6,140</b>	<b>5,916</b>
Less: Cash & Cash Equivalents	591	441
<b>Net Debt</b>	<b>5,550</b>	<b>5,475</b>
Net Worth	1,677	1,532

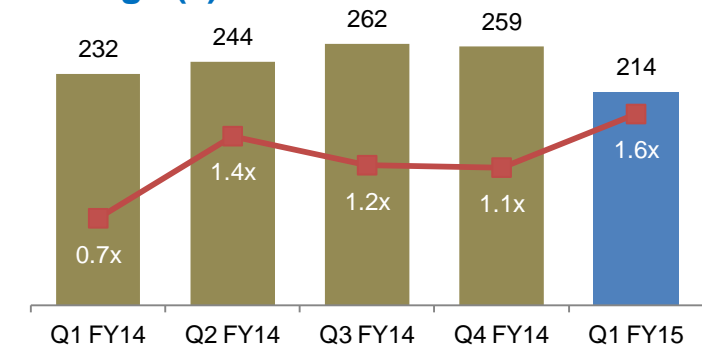
### Debt and Net Debt (Rs.mn)



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



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



Note: Interest Coverage ratio = Operating Profit/Interest Expense

Proprietary Information of Dynamatic Technologies Limited



# DYNAMATIC TECHNOLOGIES LIMITED

## DYNAMATIC OVERVIEW

### Diversified business

- A combination of stable and high growth businesses with highly engineered products for the automotive, hydraulic, aerospace and defence 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 70% share of the Indian organized tractor market, supplies to all OEMs in India and over 30 countries
- 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 and Bell Helicopters
- 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
- Supplies critical engine and transmission products to ~50% of the passenger cars made in India

### Locational advantages

- Automotive facilities in Chennai, one of India's major automotive hubs and in Germany, a global auto OEM hub
- Aerospace and Defence 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 and aluminium foundries in India and Germany 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
- Aerospace and Defence: Airbus, Bell Helicopter, Boeing, GKN Aerospace, Spirit Aerosystems

### Board and Management

- Highly qualified board and management team with significant industry experience
- 6 out of 10 Directors Independent



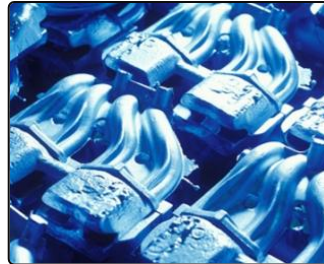
# DYNAMATIC TECHNOLOGIES LIMITED

## DYNAMATIC OVERVIEW

### Combination of Stable and High Growth Businesses

#### AUTOMOTIVE

68% of Q1 FY15 Revenue

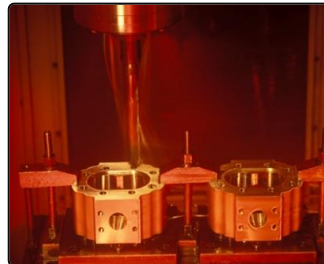


- Ferrous and non-ferrous automotive components including engine, transmission, turbocharger and chassis parts
- Metallurgical ferrous and aluminium castings



#### HYDRAULICS

18% of Q1 FY15 Revenue



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



#### AEROSPACE & DEFENCE

14% of Q1 FY15 Revenue



- Wings, rear fuselages, ailerons, wing flaps and major airframe structures
- Defence products and solutions



Q1 FY15 Net Revenue of Rs.4,250 mn (up 19.8% y-o-y)

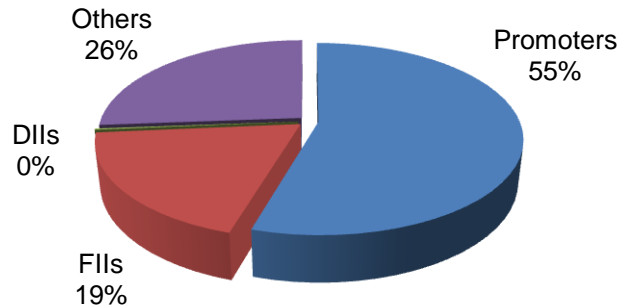
EBITDA of Rs.463 mn (up 56.0% y-o-y) at margin of 10.9% (up 250 bps)



# DYNAMATIC TECHNOLOGIES LIMITED

## BLUE CHIP INVESTOR BASE

### Shareholding Structure



### Key Institutional Investors



### Shareholding Pattern Trend

Shareholders	Sep-13	Dec-13	Mar-14	Jun-14
Promoters	55.3%	55.3%	56.0%	54.6%
FIIIs	26.0%	26.0%	19.9%	19.0%
DIIIs	0.2%	0.2%	0.2%	0.2%
Others	18.5%	18.5%	23.9%	26.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### 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	55.4



# DYNAMATIC TECHNOLOGIES LIMITED

## FINANCIAL STATEMENTS

### Income Statement

Profit & Loss Statement (Rs. million)	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15
<b>Revenues</b>					
Net Sales / Income from Operations (Net of Excise Duty)	3,509	3,984	3,960	4,266	4,217
Other Operating Income	39	40	39	39	33
<b>Total Revenues</b>	<b>3,548</b>	<b>4,024</b>	<b>3,999</b>	<b>4,304</b>	<b>4,250</b>
<b>Expenses</b>					
Cost of Raw Materials Consumed	2,036	2,281	2,211	2,455	2,441
Changes in Inventories of Finished Goods, WIP and Stock in Trade	(20)	(32)	(6)	(14)	14
Employee Benefit Expenses	493	550	564	608	596
Other Expenditure	742	751	797	829	737
<b>Total expenses</b>	<b>3,251</b>	<b>3,551</b>	<b>3,566</b>	<b>3,878</b>	<b>3,787</b>
<b>Operating Profit (EBITDA)</b>	<b>297</b>	<b>474</b>	<b>433</b>	<b>426</b>	<b>463</b>
Depreciation and Amortisation Expenses	128	129	127	128	122
EBIT	168	345	306	298	341
Other Income	13	6	13	122	11
Finance Costs	232	244	262	259	214
<b>PBT</b>	<b>(51)</b>	<b>106</b>	<b>57</b>	<b>161</b>	<b>139</b>
Exceptional Item	15	0	0	0	226
Tax Expenses	38	36	18	29	23
<b>PAT</b>	<b>(104)</b>	<b>70</b>	<b>39</b>	<b>132</b>	<b>(110)</b>
Basic EPS (Rs)	(19.20)	12.99	7.24	24.39	(19.64)
<b>Margins (%)</b>					
Gross Margins	43.2%	44.1%	44.8%	43.3%	42.2%
EBITDA margins	8.4%	11.8%	10.8%	9.9%	10.9%
PAT margins	(2.9)%	1.7%	1.0%	3.1%	(2.6)%
<b>Y-o-Y Growth (%)</b>					
Total Revenues	(6.8)%	13.9%	20.0%	11.9%	19.8%
EBITDA	(17.2)%	22.7%	37.6%	38.0%	56.0%
PAT	nm	49.2%	115.2%	nm	nm
<b>Q-o-Q Growth (%)</b>					
Total Revenues	(7.8)%	13.4%	(0.6)%	7.6%	(1.3)%
EBITDA	(3.9)%	59.7%	(8.6)%	(1.6)%	8.7%
PAT	nm	nm	(44.2)%	236.7%	nm
Effective Tax Rate	nm	33.7%	31.5%	17.9%	16.8%





# DYNAMATIC TECHNOLOGIES LIMITED

## FINANCIAL STATEMENTS

### Balance Sheet – Assets

Balance Sheet (Rs. million)	Q4 FY13	Q2 FY14	Q4 FY14
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Goodwill	679	679	679
Fixed Assets	0	0	0
i) Tangible Fixed Assets	5,671	5,685	5,967
ii) Intangible Fixed Assets	260	272	224
iii) Capital work in progress	742	769	28
iv) Intangible fixed assets under development	19	0	0
Non-Current Investment	0	0	0
Deferred tax asset (net)	0	0	0
Long Term Loans and Advances	216	242	250
Other Non Current Assets	36	89	110
<b>Total Non-Current Assets</b>	<b>7,623</b>	<b>7,735</b>	<b>7,258</b>
<b>Current Assets</b>			
Inventories	2,025	2,313	2,280
Trade Receivables / Sundry Debtors	1,461	1,069	1,016
Cash and Cash Equivalents	573	545	441
Short-Term Loans and Advances	230	233	292
Other Current Assets	214	318	278
<b>Total Current Assets</b>	<b>4,503</b>	<b>4,478</b>	<b>4,307</b>
<b>TOTAL ASSETS</b>	<b>12,127</b>	<b>12,213</b>	<b>11,565</b>



# DYNAMATIC TECHNOLOGIES LIMITED

## FINANCIAL STATEMENTS

### Balance Sheet – Liabilities

Balance Sheet (Rs. million)	Q4 FY13	Q2 FY14	Q4 FY14
<b>EQUITY and LIABILITIES</b>			
<b>Shareholders Fund</b>			
Share capital	54	54	55
Reserves and surplus	1,157	859	1,376
Money Received against Share Warrants	125	125	100
Non-controlling interest (Preference capital)	330	330	26
<b>Total Shareholders Fund</b>	<b>1,666</b>	<b>1,367</b>	<b>1,558</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3,442	3,645	3,619
Deferred Tax Liabilities (net)	313	315	341
Other Long Term Liabilities	192	201	139
Long Term Provisions	18	31	29
<b>Total Non-Current Liabilities</b>	<b>3,964</b>	<b>4,192</b>	<b>4,127</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	1,743	1,412	1,008
Trade Payables	2,444	2,587	2,763
Other Current Liabilities	2,028	2,456	1,953
Short-Term Provisions	281	197	157
<b>Total Current Liabilities</b>	<b>6,496</b>	<b>6,653</b>	<b>5,880</b>
<b>TOTAL EQUITY and LIABILITIES</b>	<b>12,127</b>	<b>12,213</b>	<b>11,565</b>



# DYNAMATIC TECHNOLOGIES LIMITED

## CONTACT DETAILS

**Mr. Hanuman Sharma**

*Chief Financial Officer*

Dynamatic Technologies Limited

Dynamatic Park Peenya Industrial Area

Bangalore 560 058 India

**T:** +91 80 2839 4933 / 34 / 35

**F:** +91 80 2839 5823

**E:** [hanuman.sharma@dynamics.net](mailto:hanuman.sharma@dynamics.net)

**Mr. Naveen Chandra**

*DGM-Compliance, Legal & Company Secretary*

Dynamatic Technologies Limited

Dynamatic Park Peenya Industrial Area

Bangalore 560 058 India

**T:** +91 80 2839 4933 / 34 / 35

**F:** +91 80 2839 5823

**E:** [naveen.c@dynamics.net](mailto:naveen.c@dynamics.net)

**www.dynamics.net**

**CIN:** L72200KA1973PLC002308