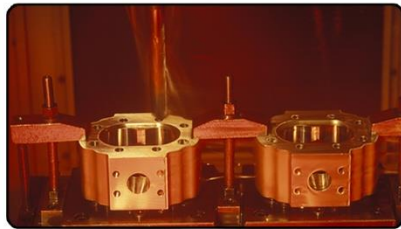


DYNAMATIC TECHNOLOGIES LIMITED

Q4 AND FULL YEAR **FY2014 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

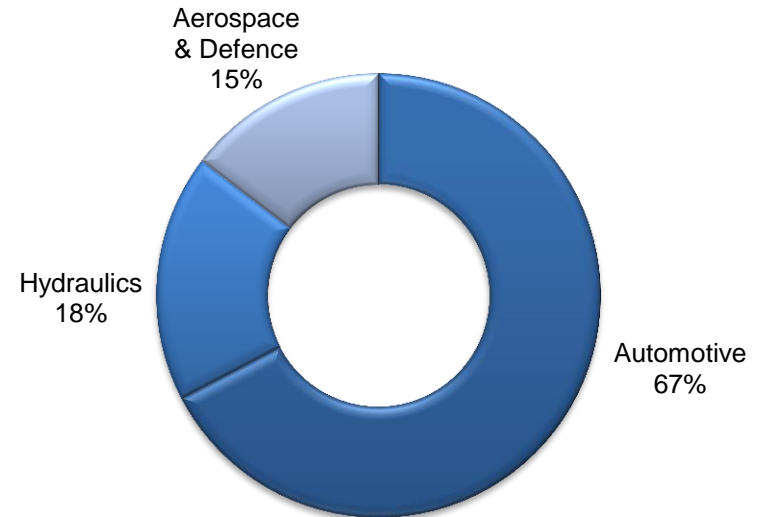
#### FY2014 Highlights

- Net Revenues increased 9.3% to Rs. 15,875 million; EBITDA growth of 20.2% to Rs. 1,629 million at 10.3% margin, an increase of 90 bps over FY2013
- Net Debt of Rs. 5,474 million and Net Worth of Rs. 1,532 million
- Debt/Equity Ratio of 3.9x; Net Debt/LTM EBITDA of 3.4x, compared to 4.5x as on March 31, 2013

#### Q4 FY2014 Highlights

- Net Revenues increased by 11.9% y-o-y to Rs. 4,304 million
- EBITDA increased by 38% y-o-y to Rs. 426 million at 9.9% margin, an increase of 190 bps
- Profit After Tax (PAT) of Rs. 132 million with 3.1% margin compared to a loss of Rs. 218 million in Q4 FY2013

#### Q4 FY2014 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 report a strong operational performance supported by growth across all divisions, particularly Aerospace and Defence. This performance is a testimony to the management’s focus on high precision and performance critical products, cost optimization and operating efficiencies. Dynamatic also successfully completed the shifting of the Hydraulics plant to enable overall business growth and drive synergies between divisions. Furthermore, we have become a Tier I supplier to Airbus during the year, in addition to Boeing and Bell Helicopter. These business wins strengthen our position in the attractive aerospace and defence segment, which is a significant growth opportunity for us.*”

*Management has also undertaken several strategic initiatives during the year aimed at optimizing the capital structure and strengthening its financial position. As a result, our debt has reduced significantly and is expected to decrease further in the coming year.*

*Dynamatic has combination of stable and high growth businesses, which are vertically integrated to provide operational advantages and cost competitiveness. We have a longstanding track record of partnering with leading global auto, aerospace and agriculture equipment OEMs. As a result of our relationships, we have high margin Aerospace orders of approx. Rs. 30 billion for the next 6 years. This, coupled with an expected improvement in the auto industry, provides a strong foundation for future growth.”*



# DYNAMATIC TECHNOLOGIES LIMITED

## FINANCIAL PERFORMANCE SUMMARY

### Consolidated Performance Highlights

Rs. Million	Q4		y-o-y Growth (%)	Q3	y-o-y Growth (%)	Full Year		y-o-y Growth (%)
	FY14	FY13		FY14		FY14	FY13	
Revenue	4,304	3,846	11.9%	3,999	7.6%	15,875	14,521	9.3%
EBITDA	426	309	41.4%	433	(1.6)%	1,629	1,355	20.2%
Margin (%)	9.9%	8%		10.8%		10.3%	9.3%	
Profit After Tax (PAT)	132	(218)	<i>nm</i>	39	236.7%	147	(119)	<i>nm</i>
Margin (%)	3.1%	(5.7)%		1.0%		0.9%	(0.8)%	
Basic EPS (Rs.)	24.39	(40.19)	<i>nm</i>	7.24	236.9%	25.42	(22.01)	<i>nm</i>

**Note:** Net Profit adjusted for exceptional items

- Q4 FY2014 Revenue at Rs. 4,304 million with growth of 11.9% y-o-y and 7.6% q-o-q
  - y-o-y growth driven by all divisions with Automotive, Hydraulics and Aerospace & Defence improving topline by 8.2%, 10.3% and 26.9% respectively
- Reported y-o-y improvement of 190bps in EBITDA margins for Q4 FY2014
  - Driven by Hydraulics and Automotive businesses, which recorded margin expansions of 430bps and 330bps respectively
- Reduced debt by Rs. 770 million during FY2014 to Rs. 5,915 million as on March 31, 2014
- Net Debt decreased by Rs. 638 million to Rs. 5,474 million as on March 31, 2014
- Recent strategic initiatives to optimize capital structure include:
  - Sale of non-core assets for Rs. 985 million; proceeds used to repay debt
  - Equity infusion of Rs. 205 million through the conversion of warrants issued to the promoter group
- Expect to reduce debt by Rs. 1,000 million in FY2015 funded by the sale of non-core assets



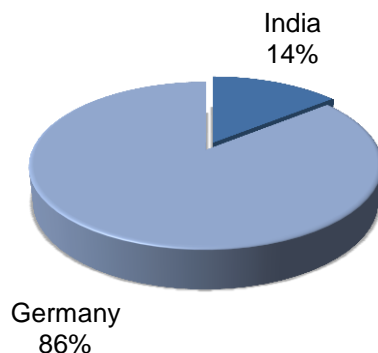


## AUTOMOTIVE SEGMENT

### Financial Overview

Rs. Million	Q4		y-o-y Growth (%)	Q3 FY14	y-o-y Growth (%)
	FY14	FY13			
Revenue	2,897	2,677	8.2%	2,594	11.7%
India	414	493	(16.1)%	385	7.4%
Germany	2,483	2,184	13.7%	2,209	12.4%
<b>Total EBITDA</b>	<b>157</b>	<b>56</b>	<b>178.0%</b>	<b>120</b>	<b>30.5%</b>
Margin (%)	5.4%	2.1%		4.6%	
India	(10)	(99)	<i>nm</i>	(9)	<i>nm</i>
Margin (%)	(2.4)%	(20.0)%		(2.4)%	
Germany	166	155	7.3%	129	28.7%
Margin (%)	6.7%	7.1%		5.9%	

### Q4 FY14 Revenue Breakup



### Performance Overview

- India revenue declined y-o-y majorly due to challenging macro economic environment
- However, minimized losses on account of focus on cost efficiencies
- German operations registered significant y-o-y and q-o-q growth primarily driven by existing customers
- Profitability of German operations remained stable at 6-7% margins
- Launched steel turbochargers from the Germany facility – a high margin, performance-critical product
- Received additional orders from Daimler and Getrag Ford
- **Outlook:** Uplift in domestic auto industry expected, leading to increased demand
- **Strategy:** Focus on performance-critical components, diversification of customer base, steel castings, increasing exports and capacity utilization

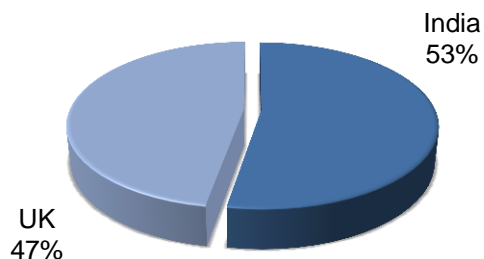


## HYDRAULICS SEGMENT

### Financial Overview

Rs. Million	Q4		y-o-y Growth (%)	Q3 FY14	y-o-y Growth (%)
	FY14	FY13			
Revenue	776	703	10.3%	812	(4.5)%
India	409	378	8.2%	454	(9.8)%
UK	366	325	12.7%	358	2.3%
<b>Total EBITDA</b>	<b>90</b>	<b>52</b>	<b>75.3%</b>	<b>108</b>	<b>(16.6)%</b>
<i>Margin (%)</i>	11.7%	7.3%		13.4%	
India	58	45	29.1%	84	(30.7)%
<i>Margin (%)</i>	14.2%	11.9%		18.5%	
UK	32	6	402.9%	24	32.0%
<i>Margin (%)</i>	8.8%	2.0%		6.8%	

### Q4 FY14 Revenue Breakup



### Performance Overview

- Increased topline for India operations y-o-y due to high demand from the agriculture sector
- Revenue for UK operations increased y-o-y due to higher average conversion rate achieved
- Higher profitability y-o-y majorly driven by focus on efficient processes and systems in the UK operations
- Completed the shifting of a hydraulics plant in Bangalore to support expansion of and drive synergies with Aerospace & Defence division
- Launched Indra Pump, a next generation and highly cost effective pump
- **Outlook:**
  - Rising farm incomes and focus on higher productivity are expected to increase demand for agriculture equipment
  - Trend towards power steering in tractors leading to higher demand for tandem pumps
- **Strategy:** Focus on OEM market, hitch control and mobile valves, rockshaft assemblies, tandem pumps, growth through replacement market and lean manufacturing systems



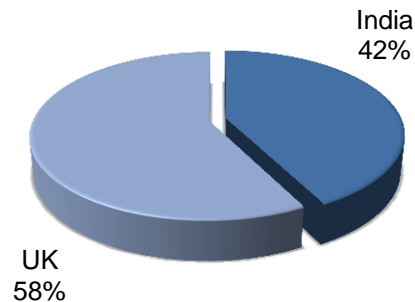
# DYNAMATIC TECHNOLOGIES LIMITED

## AEROSPACE AND DEFENCE SEGMENT

### Financial Overview

Rs. Million	Q4		y-o-y Growth (%)	Q3 FY14	y-o-y Growth (%)
	FY14	FY13			
Revenue	629	495	26.9%	596	5.6%
India	266	209	27.7%	249	7.2%
UK	362	287	26.3%	347	4.4%
<b>Total EBITDA</b>	<b>163</b>	<b>187</b>	<b>(13.0)%</b>	<b>169</b>	<b>(3.6)%</b>
<i>Margin (%)</i>	25.9%	37.8%		28.3%	
India	109	89	22.4%	133	(17.6)%
<i>Margin (%)</i>	41.0%	42.8%		53.4%	
UK	53	97	(45.5)%	36	48.6%
<i>Margin (%)</i>	14.7%	34.0%		10.3%	

### Q4 FY14 Revenue Breakup



### Performance Overview

- Strong y-o-y growth in revenues of both India and UK businesses due to higher sales to Boeing, GKN Aerospace and Spirit Aerosystems
- EBITDA margins at UK operations reported a significant decline y-o-y due to changed sales mix resulting in higher material consumption and payment of management fee
- Started production for a major contract from Boeing involving manufacture of cabinets and related parts
- **Outlook:** Expect ramp-up of operations in Q1 FY2015, resulting in increased profitability
- **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



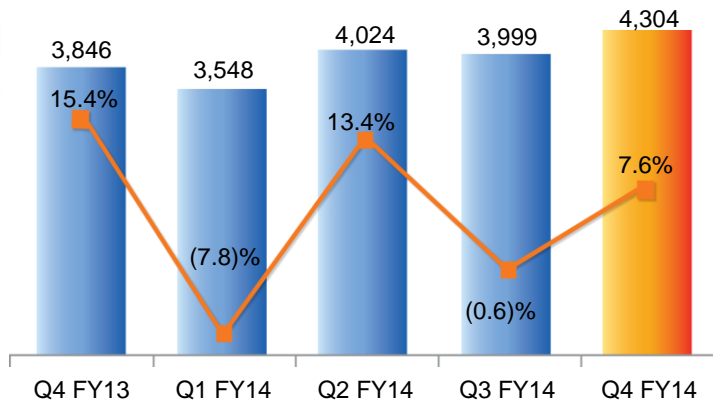


# DYNAMATIC TECHNOLOGIES LIMITED

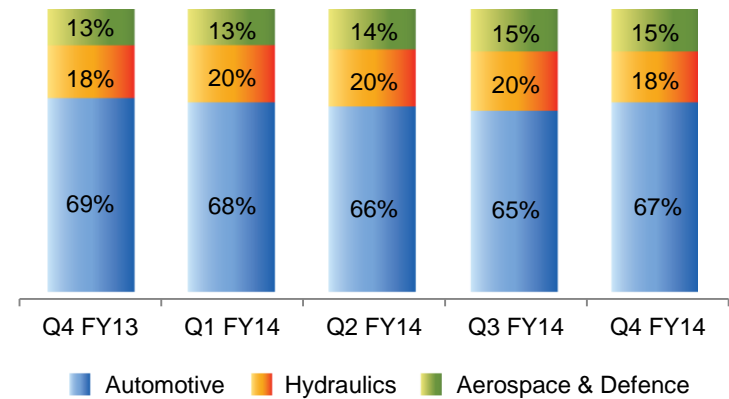
## QUARTERLY FINANCIAL TRENDS

### Strong Financial Performance

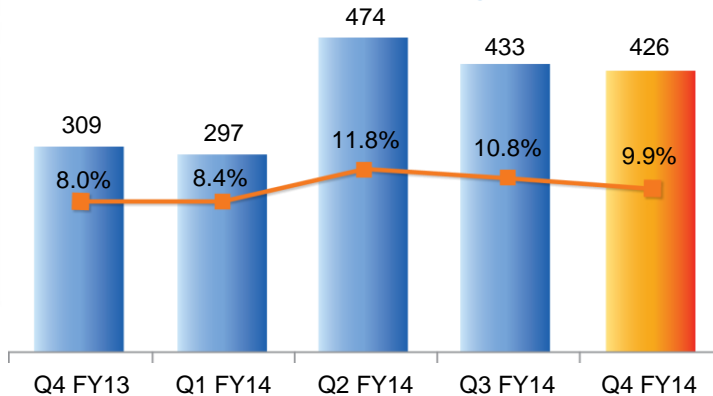
#### Performance Overview



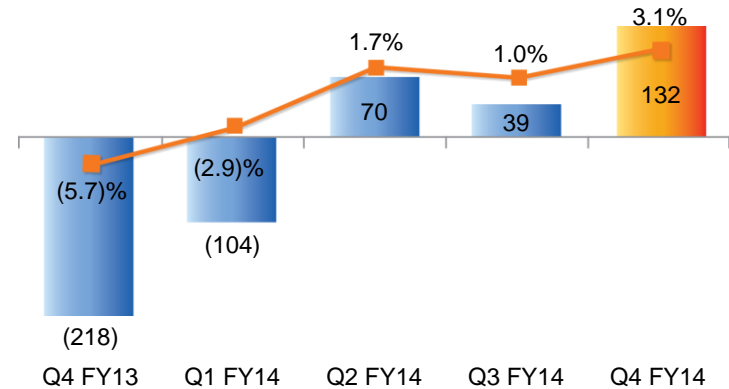
#### Segment Wise Revenue Contribution



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



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





# DYNAMATIC TECHNOLOGIES LIMITED

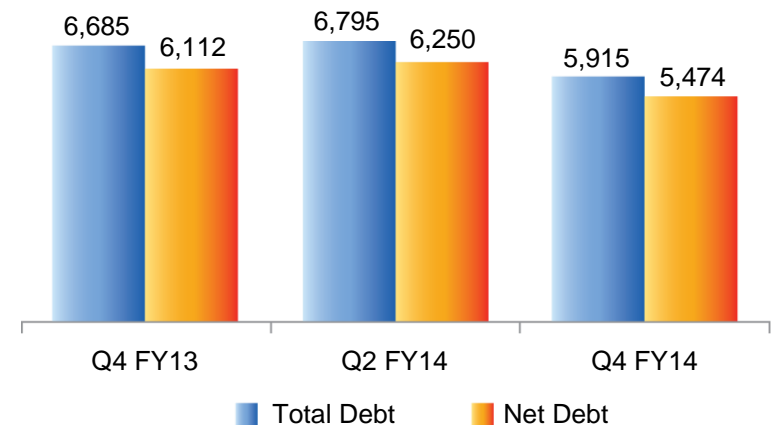
## QUARTERLY FINANCIAL TRENDS

Focus On Deleveraging The Balance Sheet

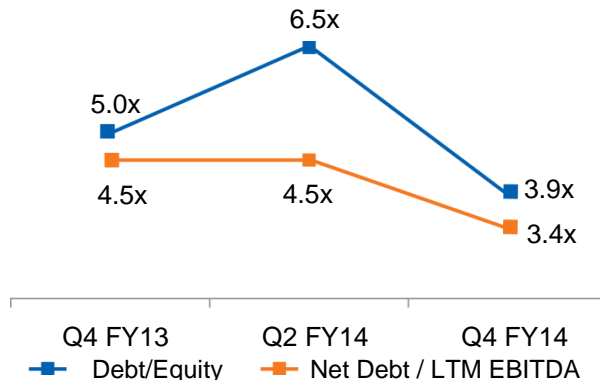
### Capital Structure

(Rs. million)	Mar 31, 2014	Mar 31, 2013
Long Term Borrowings	4,908	4,942
Short Term Borrowings	1,008	1,743
<b>Total Debt</b>	<b>5,915</b>	<b>6,685</b>
Less: Cash & Cash Equivalents	441	573
<b>Net Debt</b>	<b>5,474</b>	<b>6,112</b>
<b>Net Worth</b>	<b>1,532</b>	<b>1,336</b>

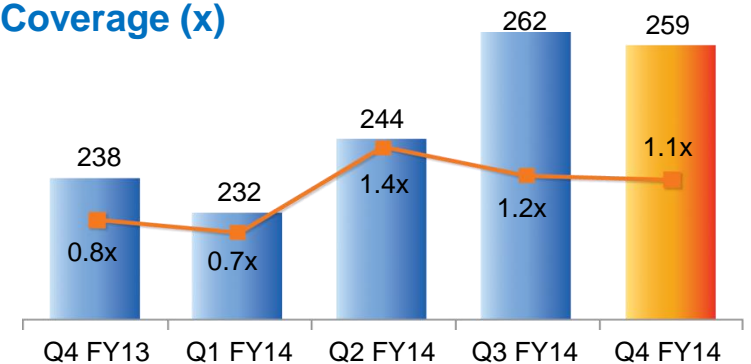
### Debt and Net Debt (Rs.mn)



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



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



Note: Interest Coverage ratio = Operating Profit/Interest Expense



# 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

66% of FY2014 Revenue

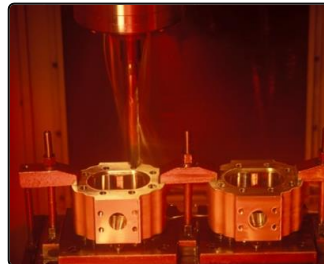


- Ferrous and non-ferrous automotive components including engine, transmission, turbocharger and chassis parts
- Metallurgical ferrous and aluminium castings



### HYDRAULICS

20% of FY2014 Revenue



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



### AEROSPACE & DEFENCE

14% of FY2014 Revenue



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



FY2014 Net Revenue of Rs.15,875 mn (up 9.3% y-o-y)

EBITDA of Rs.1,629 mn (up 20.2% y-o-y ) at margin of 10.3%

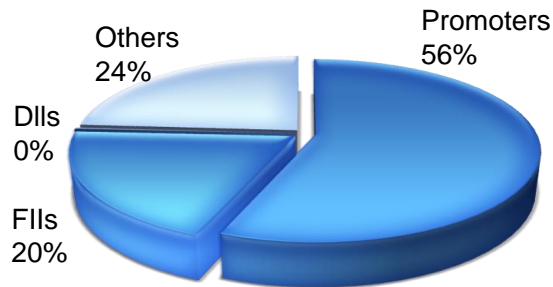




# DYNAMATIC TECHNOLOGIES LIMITED

## BLUE CHIP INVESTOR BASE

### Shareholding Structure



### Key Institutional Investors



**Acacia  
Partners  
Param Capital**

### Shareholding Pattern Trend

Shareholders	Jun-13	Sep-13	Dec-13	Mar-14
Promoters	55.3%	55.3%	55.3%	56.0%
FII's	26.0%	26.0%	26.0%	19.9%
DII's	0.2%	0.2%	0.2%	0.2%
Others	18.5%	18.5%	18.5%	23.9%
<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)	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14
<b>Revenues</b>					
Net Sales / Income from Operations (Net of Excise Duty)	3,821	3,509	3,984	3,960	4,266
Other Operating Income	26	39	40	39	39
<b>Total Revenues</b>	<b>3,846</b>	<b>3,548</b>	<b>4,024</b>	<b>3,999</b>	<b>4,304</b>
<b>Expenses</b>					
Cost of Raw Materials Consumed	2,326	2,036	2,281	2,211	2,455
Changes in Inventories of Finished Goods, WIP and Stock in Trade	(63)	(20)	(32)	(6)	(14)
Employee Benefit Expenses	505	493	550	564	608
Other Expenditure	769	742	751	797	829
<b>Total expenses</b>	<b>3,538</b>	<b>3,251</b>	<b>3,551</b>	<b>3,566</b>	<b>3,878</b>
<b>Operating Profit (EBITDA)</b>	<b>309</b>	<b>297</b>	<b>474</b>	<b>433</b>	<b>426</b>
Depreciation and Amortisation Expenses	112	128	129	127	128
EBIT	196	168	345	306	298
Other Income	21	13	6	13	122
Finance Costs	238	232	244	262	259
<b>PBT</b>	<b>(20)</b>	<b>(51)</b>	<b>106</b>	<b>57</b>	<b>161</b>
Exceptional Item	0	15	0	0	0
Tax Expenses	197	38	36	18	29
<b>PAT</b>	<b>(218)</b>	<b>(104)</b>	<b>70</b>	<b>39</b>	<b>132</b>
Basic EPS (Rs)	(40.19)	(19.20)	12.99	7.24	24.39
<b>Margins (%)</b>					
Gross Margins	41.2%	43.2%	44.1%	44.8%	43.3%
EBITDA margins	8.0%	8.4%	11.8%	10.8%	9.9%
PAT margins	(5.7)%	(2.9)%	1.7%	1.0%	3.1%
<b>Y-o-Y Growth (%)</b>					
Total Revenues	(7.2)%	(6.8)%	13.9%	20.0%	11.9%
EBITDA	(35.2)%	(17.2)%	22.7%	37.6%	38.0%
PAT	nm	nm	49.2%	115.2%	nm
<b>Q-o-Q Growth (%)</b>					
Total Revenues	15.4%	(7.8)%	13.4%	(0.6)%	7.6%
EBITDA	(1.9)%	(3.9)%	59.7%	(8.6)%	(1.6)%
PAT	nm	nm	nm	(44.2)%	236.7%
Effective Tax Rate	nm	nm	33.7%	31.5%	17.9%



# 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