

DYNAMATIC TECHNOLOGIES LIMITED

Q2 & Half Year FY2017 **EARNINGS**
PRESENTATION



HYDRAULICS



AEROSPACE & DEFENCE



AUTOMOTIVE



DYNAMATIC TECHNOLOGIES LIMITED



BORN TO FLY



DYNAMATIC TECHNOLOGIES LIMITED

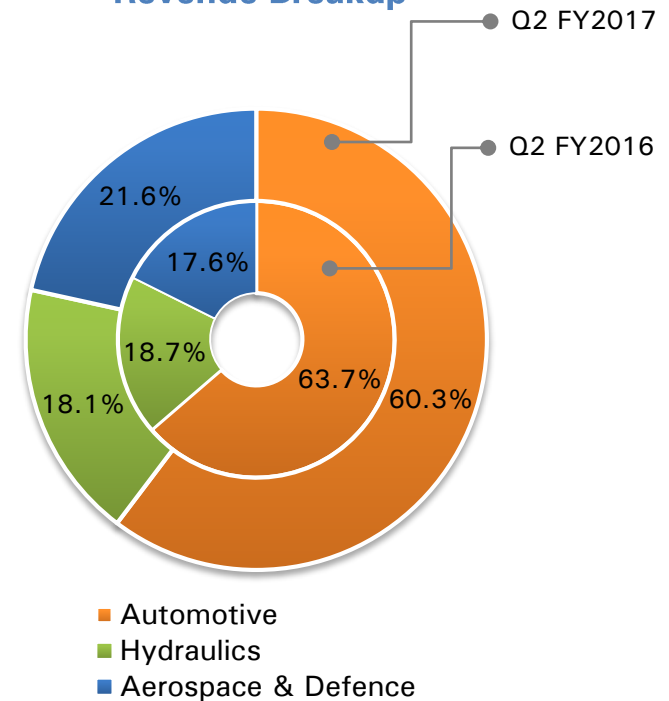
Q2 FY2017 PERFORMANCE HIGHLIGHTS

Continued improvement in all round performance

Y-o-Y Highlights

- Net Revenue of Rs. 3,819 million; up 3.1%
 - Aerospace & Defence segment revenues up 26.2%
- EBITDA of Rs. 441 million; up 30.5%
 - EBITDA margin of 11.6%; up 242 bps
- PAT of Rs. 80 million; up from Rs.3 million
- Net Debt of Rs. 5,874 million (vs. Rs.5,284 million as of September 30, 2015)
- Net Worth of Rs. 2,651 million (vs. Rs. 2,460 million as of September 30, 2015)
- Debt/Equity Ratio of 2.3x (vs. 2.3x)
- Net Debt/LTM EBITDA of 3.4x (vs. 4.2x)

Revenue Breakup





PERFORMANCE HIGHLIGHTS

Management Commentary

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

"I am pleased to report another quarter with consistent growth and strong profitability. Our Aerospace segment continue to deliver a robust performance with a 26% y-o-y growth in Revenue and 45% growth in EBITDA. While we continue to ramp up our deliveries to Boeing Chinook, we also started commercial delivery to Airbus (A330 Long Range FTBs) during August 2016. Our new facility in Bangalore for the aerospace segment will be operational by the end of Q4 FY2017. This facility will cater to the increasing demand from our customers.

Automotive sector performance remained subdued due to strategic product rationalization in Germany and delay in ramp up at the customer's end in India. However, we expect the segment performance to recover in H2 FY2017. Hydraulic segment continued its growth trend with improved industry environment in India. Depreciation of the GBP against INR had a negative impact on our financials in the UK.

Management continues to focus on cost optimization, customer diversification and operating in high value, high margin product areas. This along with higher capacity utilization levels will result in sustainable growth in top-line and profitability. Execution of the Aerospace segment order book, together with an expected growth in the auto, construction and infrastructure sectors provides us confidence for continued growth momentum in the coming quarters."



FINANCIAL PERFORMANCE SUMMARY

Consolidated Performance Highlights

Rs. million	Q2		y-o-y Growth (%)	Q1 FY17	q-o-q Growth (%)	Half Year		y-o-y Growth (%)
	FY17	FY16				FY17	FY16	
Revenue	3,819	3,704	3.1%	3,946	(3.2)%	7,765	7,432	4.5%
EBITDA	441	338	30.5%	479	(8.0)%	920	583	57.9%
Margin (%)	11.6%	9.1%		12.1%		11.9%	7.8%	
Profit After Tax (PAT)	80	3	nm	128	(37.3)%	209	(94)	nm
Margin (%)	2.1%	0.1%		3.3%		2.7%	nm	
Basic EPS (Rs.)	12.69	0.50	nm	20.23	(37.3)%	32.92	(14.81)	nm

- Q2 FY2017 Revenue growth was driven by continued strong performance of the Aerospace & Defence segment as deliveries to its clients ramped up and started deliveries for new projects
- EBITDA margin improved significantly y-o-y as capacity utilization continued to improve the Aerospace & Defence segment due to ramp up of customer orders
- PAT improved from a profit of Rs.3 million in Q2 FY2016 to Rs.80 million during the quarter due to increased profitability across all business segments



PERFORMANCE HIGHLIGHTS

Foreign Exchange Fluctuation

Exchange Rate	Q2 FY2017	Q2 FY2016	Impact	Impact %	Q1 FY2017	Impact	Impact %
EURO vs. INR	75.15	71.29	3.86	5.4%	75.57	(0.42)	(0.6)%
GBP vs. INR	92.02	99.14	(7.11)	(7.2)%	96.10	(4.08)	(4.2)%
USD vs. INR	66.95	64.23	2.72	4.2%	66.93	0.01	0.0%

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

Particulars	Q2 FY2017 vs. Q2 FY2016				Q2 FY2017 vs. Q1 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)	104.5	(43.1)	6.1	73.3	(11.4)	(24.7)	(0.7)	(43.4)
EBITDA (Rs. mn)	5.3	(3.4)	6.1	13.7	(0.6)	(1.9)	(0.7)	(9.8)

- Revenue for the quarter benefitted by Rs.73.3 mn on y-o-y basis on account of favorable foreign exchange variations
- Q2 FY2017 EBITDA included a benefit of Rs.13.7 mn on account of favorable foreign exchange variations compared to Q2 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

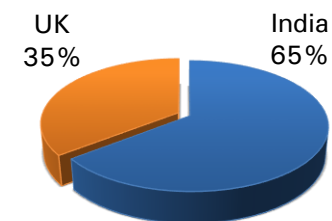


AEROSPACE AND DEFENCE SEGMENT

Financial Overview

Rs. million	Q2		y-o-y Growth (%)	Q1 FY17	q-o-q Growth (%)	Half Year		y-o-y Growth (%)
	FY17	FY16				FY17	FY16	
Revenue	823	652	26.2%	848	(3.0)%	1,671	1,250	33.7%
India	531	336	58.0%	501	6.1%	1,031	602	71.3%
UK	292	316	(7.6)%	348	(16.0)%	640	648	(1.2)%
EBITDA	248	171	45.1%	277	(10.7)%	525	308	70.3%
<i>Margin (%)</i>	<i>30.1%</i>	<i>26.2%</i>		<i>32.7%</i>		<i>31.4%</i>	<i>24.7%</i>	
India	216	112	92.8%	206	4.8%	421	206	105.0%
<i>Margin (%)</i>	<i>40.6%</i>	<i>33.3%</i>		<i>41.1%</i>		<i>40.8%</i>	<i>34.1%</i>	
UK	32	59	(45.5)%	72	(55.2)%	104	103	1.0%
<i>Margin (%)</i>	<i>11.0%</i>	<i>18.6%</i>		<i>20.6%</i>		<i>16.2%</i>	<i>15.9%</i>	

Q2 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
- EBITDA margin improved due to 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 by the end of Q4 FY2017
- **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

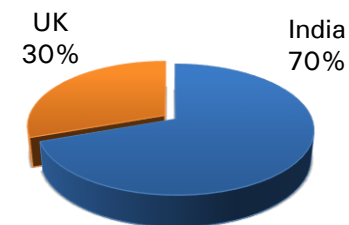


HYDRAULICS SEGMENT

Financial Overview

Rs. million	Q2		y-o-y Growth (%)	Q1 FY17	q-o-q Growth (%)	Half Year		y-o-y Growth (%)
	FY17	FY16				FY17	FY16	
Revenue	692	692	0.0%	681	1.7%	1,373	1,308	5.0%
India	481	443	8.6%	442	8.8%	924	834	10.8%
UK	211	249	(15.2)%	238	(11.5)%	449	474	(5.3)%
EBITDA	96	91	5.6%	92	4.3%	188	148	26.4%
<i>Margin (%)</i>	<i>13.8%</i>	<i>13.1%</i>		<i>13.5%</i>		<i>13.7%</i>	<i>11.3%</i>	
India	89	79	11.8%	75	18.3%	164	136	20.1%
<i>Margin (%)</i>	<i>18.4%</i>	<i>17.9%</i>		<i>17.0%</i>		<i>17.7%</i>	<i>16.3%</i>	
UK	7	11	(37.9)%	17	(58.3)%	24	12	98.6%
<i>Margin (%)</i>	<i>3.3%</i>	<i>4.5%</i>		<i>7.0%</i>		<i>5.3%</i>	<i>2.5%</i>	

Q2 FY17 Revenue Breakup



Performance Overview

- Hydraulics segment performance in India continued the growth trend; UK growth during the quarter was impacted by unfavorable foreign exchange fluctuations
- Outlook:** Improved farm sentiment on the back of a good monsoon to drive growth in the agriculture sector in India. Ramp up of new order in the UK expected to drive performance in the H2 FY2017
- Strategy:** Focus on OEM market and exports. Growth through replacement market and lean manufacturing systems

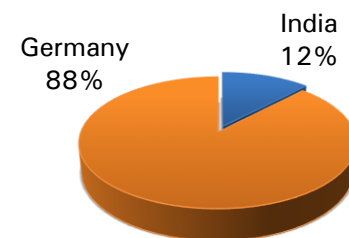


AUTOMOTIVE SEGMENT

Financial Overview

Rs. million	Q2		y-o-y Growth (%)	Q1 FY17	q-o-q Growth (%)	Half Year		y-o-y Growth (%)
	FY17	FY16				FY17	FY16	
Revenue	2,303	2,355	(2.2)%	2,415	(4.6)%	4,717	4,865	(3.0)%
India – M	186	253	(26.4)%	200	(7.2)%	386	533	(27.5)%
India – F	95	77	22.5%	105	(9.8)%	200	156	27.7%
Germany	2,022	2,026	(0.2)%	2,109	(4.1)%	4,131	4,176	(1.1)%
EBITDA	97	83	16.6%	117	(17.4)%	214	155	37.9%
<i>Margin (%)</i>	<i>4.2%</i>	<i>3.5%</i>		<i>4.9%</i>		<i>4.5%</i>	<i>3.2%</i>	
India – M	(21)	(27)	<i>nm</i>	(21)	<i>nm</i>	(42)	(65)	<i>nm</i>
<i>Margin (%)</i>	<i>(11.5)%</i>	<i>(10.6)%</i>		<i>(10.4)%</i>		<i>(10.9)%</i>	<i>(12.2)%</i>	
India – F	16	16	3.2%	15	4.6%	31	22	42.9%
<i>Margin (%)</i>	<i>16.9%</i>	<i>20.1%</i>		<i>14.6%</i>		<i>15.7%</i>	<i>14.0%</i>	
Germany	102	94	8.5%	123	(16.6)%	225	198	13.3%
<i>Margin (%)</i>	<i>5.1%</i>	<i>4.7%</i>		<i>5.8%</i>		<i>5.4%</i>	<i>4.8%</i>	

Q2 FY17 Revenue Breakup



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

Performance Overview

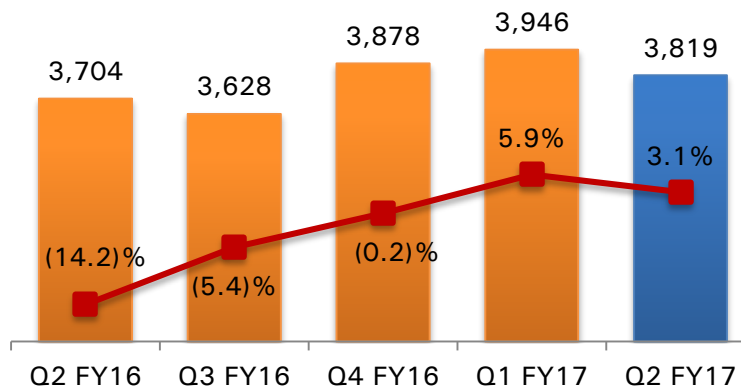
- Revenue growth was subdued due to strategic product rationalization in Germany and delay in ramp up at the customer's end in India
- **Outlook:** New order wins in Germany to drive both revenue and profitability in FY17
- **Strategy:** Focus on high margin product mix, exports, ramp-up of existing products, performance-critical components, customer diversification, steel castings and capacity utilization



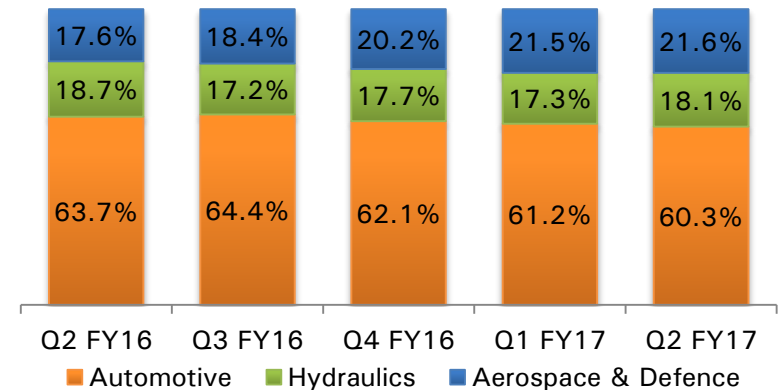
QUARTERLY FINANCIAL TRENDS

Improving performance trend

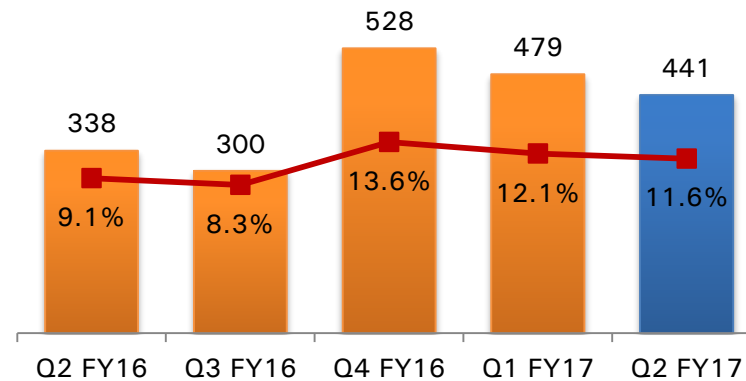
Revenue (Rs. mn) and Growth (Y-o-Y)



Segment Wise Revenue Contribution



EBITDA (Rs. mn) and Margin (%)





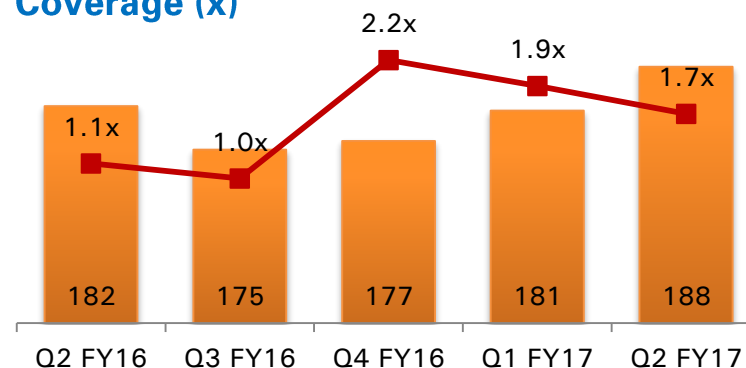
QUARTERLY FINANCIAL TRENDS

Focus on Strong Leverage Ratios

Capital Structure

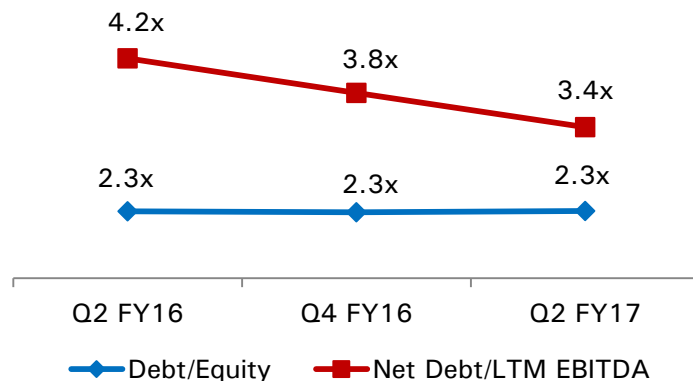
(Rs. million)	Sep 30, 2016	Mar 31, 2016
Long Term Borrowings	4,867	5,038
Short Term Borrowings	1,300	920
Total Debt	6,167	5,958
Less: Cash & Cash Equivalents	293	627
Net Debt	5,874	5,331
Net Worth	2,651	2,576

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

60% of Q2
FY17
Revenue

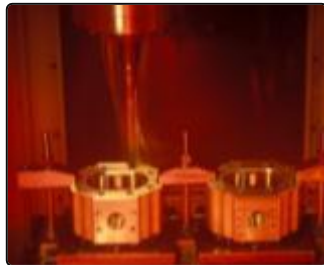


- Ferrous and non-ferrous automotive components including engine, transmission, turbocharger and chassis parts
- Metallurgical ferrous and aluminium castings

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

HYDRAULICS

18% of Q2
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

22% of Q2
FY17 Revenue



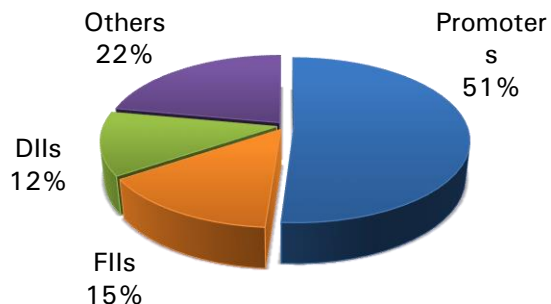
- Wings, rear fuselages, ailerons, wing flaps and major airframe structures
- Ramp structure assembly
- AFT Pylon assembly
- Defense products and solutions

- Airbus
- Boeing
- Bell
- Sprint
- HAL



BLUE CHIP INVESTOR BASE

Shareholding Structure



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

Shareholding Pattern Trend

Shareholders	Sep-15	Mar-16	Sep-16
Promoters	51.1%	51.1%	51.1%
FII's	14.3%	14.5%	14.5%
DII's	7.8%	11.2%	12.4%
Others	26.8%	23.2%	22%
Total	100.0%	100.0%	100.0%

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)	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17
Revenues					
Net Sales / Income from Operations (Net of Excise Duty)	3,670	3,598	3,847	3,913	3,791
Other Operating Income	33	30	32	33	28
Total Revenues	3,704	3,628	3,878	3,946	3,819
Expenses					
Cost of Raw Materials Consumed	2,042	2,150	2,103	2,169	2,274
Changes in Inventories of Finished Goods, WIP and Stock in Trade	9	(77)	(14)	(26)	(163)
Employee Benefit Expenses	542	542	559	580	559
Other Expenditure	772	712	703	743	709
Total expenses	3,366	3,327	3,351	3,467	3,378
Operating Profit (EBITDA)	338	300	528	479	441
Depreciation and Amortization Expenses	130	127	138	128	131
EBIT	208	173	390	351	310
Other Income	6	4	28	26	20
Finance Costs	182	175	177	181	188
PBT – Pre Exceptional	32	2	241	197	142
Exceptional (Gain)/ Losses	0	0	0	0	0
PBT	32	2	241	197	142
Tax Expenses	29	(22)	49	68	62
PAT	3	25	192	128	80
Basic EPS (Rs)	0.50	3.88	30.30	20.23	12.69
Margins (%)					
Gross Margins	44.6%	42.9%	46.1%	45.7%	44.7%
EBITDA margins	9.1%	8.3%	13.6%	12.1%	11.6%
PAT margins	0.1%	0.7%	5.0%	3.3%	2.1%
Y-o-Y Growth (%)					
Total Revenues	(14.2)%	(5.4)%	(0.2)%	5.9%	3.1%
EBITDA	(9.6)%	(12.3)%	59.4%	95.9%	30.5%
PAT	(99.1)%	328.5%	281.2%	nm	nm
Q-o-Q Growth (%)					
Total Revenues	(0.7)%	(2.0)%	6.9%	1.8%	(3.2)%
EBITDA	38.1%	(11.1)%	75.6%	(9.1)%	(8.0)%
PAT	nm	680.1%	681.5%	(33.2)%	(37.3)%
Effective Tax Rate	90.1%	nm	20.4%	34.7%	43.4%



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.



DYNAMATIC TECHNOLOGIES LIMITED

CONTACT DETAILS

Mr. Hanuman Sharma

Executive Director and Chief Financial Officer

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