



VA TECH WABAG

Investor Presentation

August 2013



Safe Harbour

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OUR COMPANY



Chennai, India

River water treatment, multi-barrier, 180,000 m³/d

Complete Water Treatment Solution Provider...

- Provides a complete range of Water and Waste Water Treatment solutions
 - Offers complete life cycle solutions ranging from project design to installation to operations & maintenance
 - Spanning municipal drinking water, municipal sewage, Industrial water, effluents to a clientele
- Technology focused company
 - R&D centers located in India, Austria and Switzerland. Owns more than 100 patents
- Multinational player in the water treatment industry
 - Market presence in India, Middle East, North Africa, Central & Eastern Europe, China and South East Asia
- Strong execution track record
 - More than 2250 projects in last 3 decades
- Professionally managed Company
 - Promoters having an average of 20 years work experience in the industry
- Order book of Rs. 50.2 bn as of June 30, 2013



Geneva, Switzerland

Lake water treatment, Drainage filter system, 260,000 m³/d



Chirita, Romania

Comprehensive rehabilitation & extension, 99,360 m³/d

Led by ambitious professionals ...



Rajiv Mittal (Promoter) – Managing Director

- 30 years of work experience in the Water Industry
- Previously worked with Wabag Water Engineering Limited, UK as a Deputy Director - International sales



Shiv Narayan Saraf (Promoter)- Head of Operations

- 42 years of experience in the water industry; worked previously with Ion Exchange India Limited
- Responsible for construction management of all projects of all SBUs



Amit Sengupta (Promoter)–Head of Corporate Strategy & Marketing

- 37 years of experience; worked previously with Kirloskar AAF
- Responsible for devising & implementing corporate strategies for growth, technology acquisitions & licensing & synergizing strengths within Wabag Group



S. Varadarajan (Promoter) – CFO

- 28 years of work experience; worked previously with PL Agro Technologies Limited as Finance Manager and Company Secretary
- In charge for finance, commercial, legal, secretarial, information technology, income tax and general administration functions



Garcia-Zarandieta Antonio – Head, Wabag Spain & Desal Business Group

- 27 years of experience in Water and EPC industries
- Previously CEO of INIMA Spain
- Successful M&A of more than 20 companies in different countries
- Responsible for Latin Market and Desalination Business Group



Erik P. Gothlin –CEO, Wabag Austria

- 22 years of Work Experience in the Industry
- Previously held various management positions in Westermo Teleindustri, Sweden, ABB, and Chromalox Group as Managing Director – International for United Kingdom, France and China



Shanti Sharma – CFO, Wabag Austria

- 28 years of experience; During this time he was responsible for all finance and administration related issues in various functions for Water Treatment (Biwater), Electronic, IT and Chemical equipment Manufacturing.
- Responsible for finance and accounts, legal, information technology and administration



Gerhard Ryhiner – CEO, Wabag Wassertechnik, Switzerland

- 23 years of work experience; worked previously with Sulzer Brothers as Head of the wastewater department
- Responsible for Sales, finance and administration including human resources, quality management and health safety and environment



Arnold Gmuender – COO, Wabag Wassertechnik, Switzerland

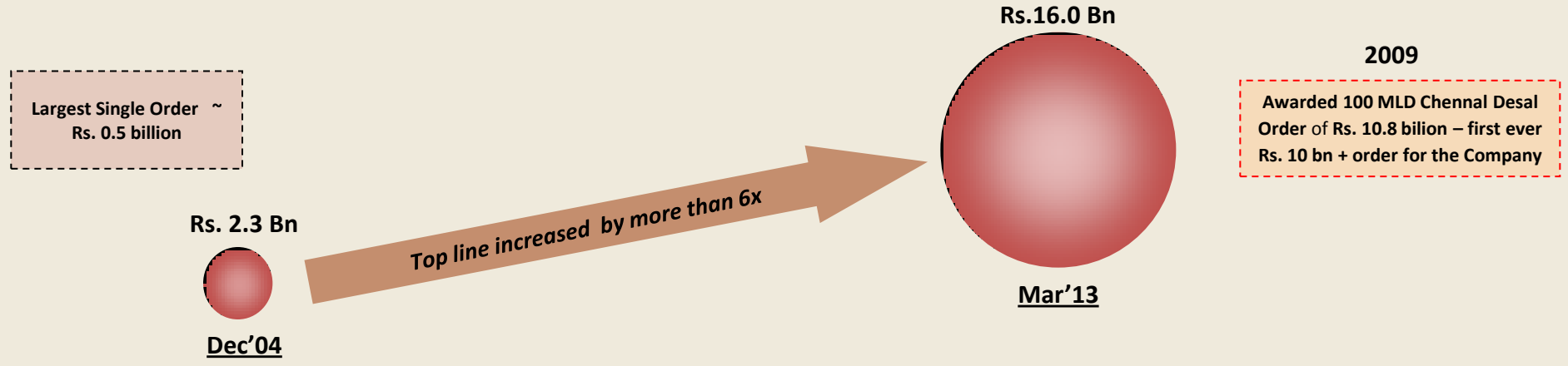
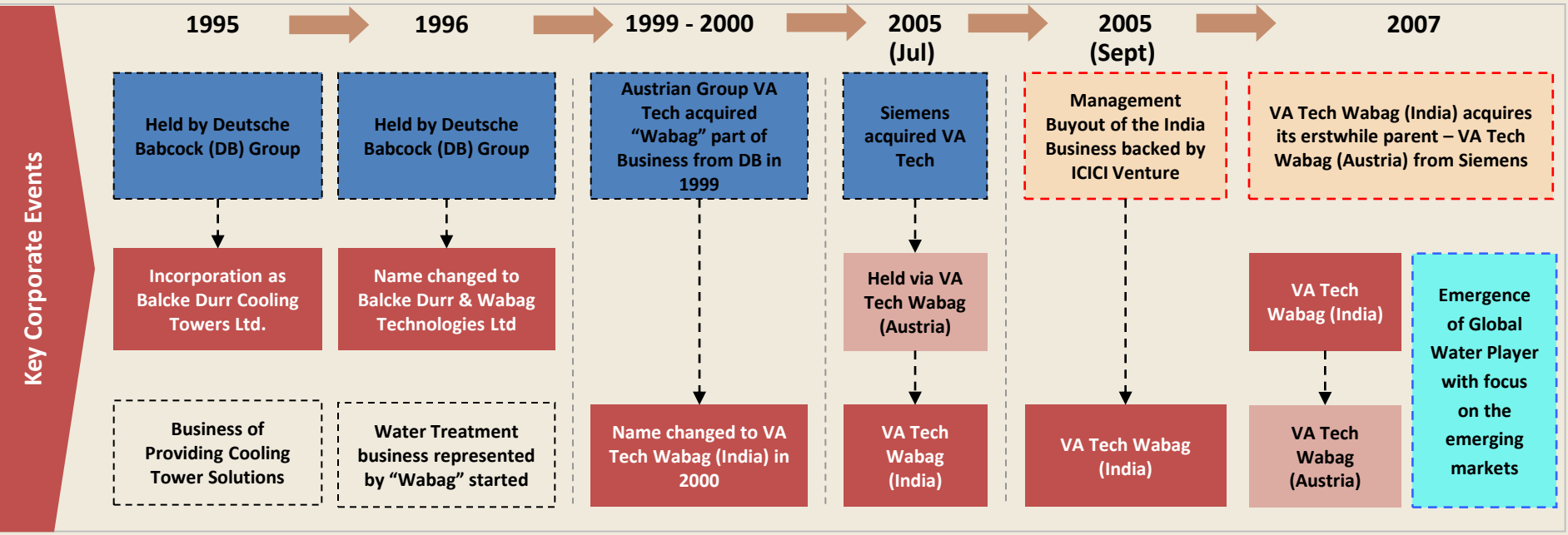
- 34 years of work experience; worked previously with Sulzer Brothers as Head of water sales.
- Responsible for project execution and research and development.



Lubomir Nemec – CEO , Wabag Czech

- 25 years of work experience in the Energy & Industry Sector; worked previously with Siemens as Branch Office Director, Brno
- Responsible for overall business activities in WABAG Czech

Grown business six fold in six years after a Management Buy-out

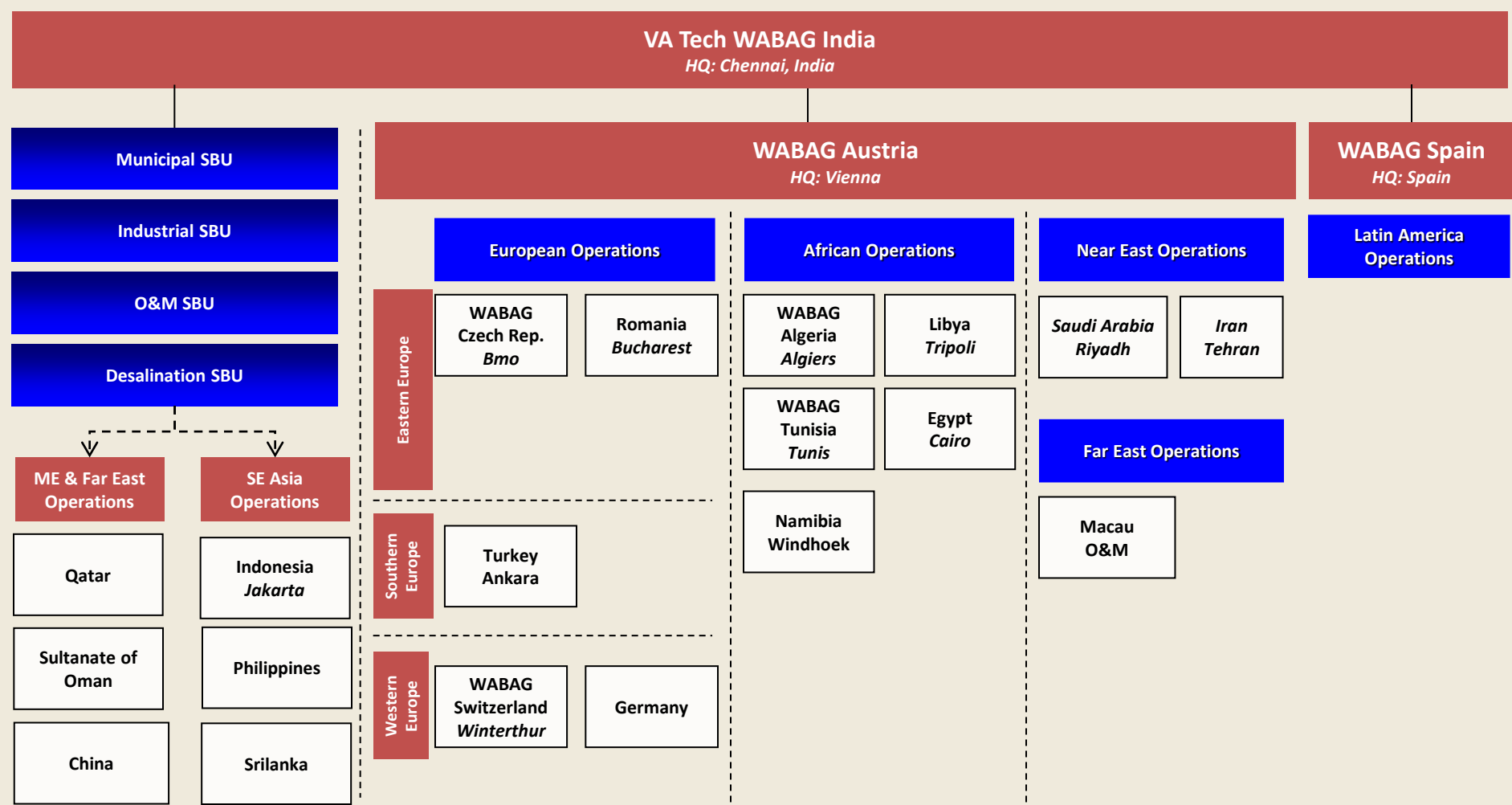


OUR BUSINESS



Echallens, WWTP, Switzerland

Presence across geographies...



Offering a complete range of solutions in water space...

Sewage Water Treatment

- Activated Sludge Process ("ASP")
- Sequential Batch Reactors ("SBR")
- Membrane Bio Reactor ("MBR")
- Membrane Bed Bio Reactor ("MBBR")
- Upflow Anaerobic Sludge Blanket Reactor ("UASB")
- Bio Active Fixed Film Technology ("BAFF")
- Submerged Membrane System
- Stabilization Pond

Drinking Water Treatment

- Aeration
- Sedimentation
- Filtration
- Disinfection
- Sludge Dewatering

Industrial Water Treatment

- Raw water pre treatment
- Filtration Plants
- Nano Filtration/ Ultra filtration
- Softening Plants
- Thermal Desalination of sea water treatment
- Demineralization
- Zero Liquid Discharge
- Tertiary Treatment System/ Effluent Recycling

Industrial Wastewater Treatment

- Physico Chemical Treatment – Oil Removal system using DAF/ API/ CPI separators
- Neutralization and primary sedimentation and grit removal
- Biological anaerobic treatment – UASB
- Tertiary Treatment – activated carbon/ sand filtration, disinfection

Desalination

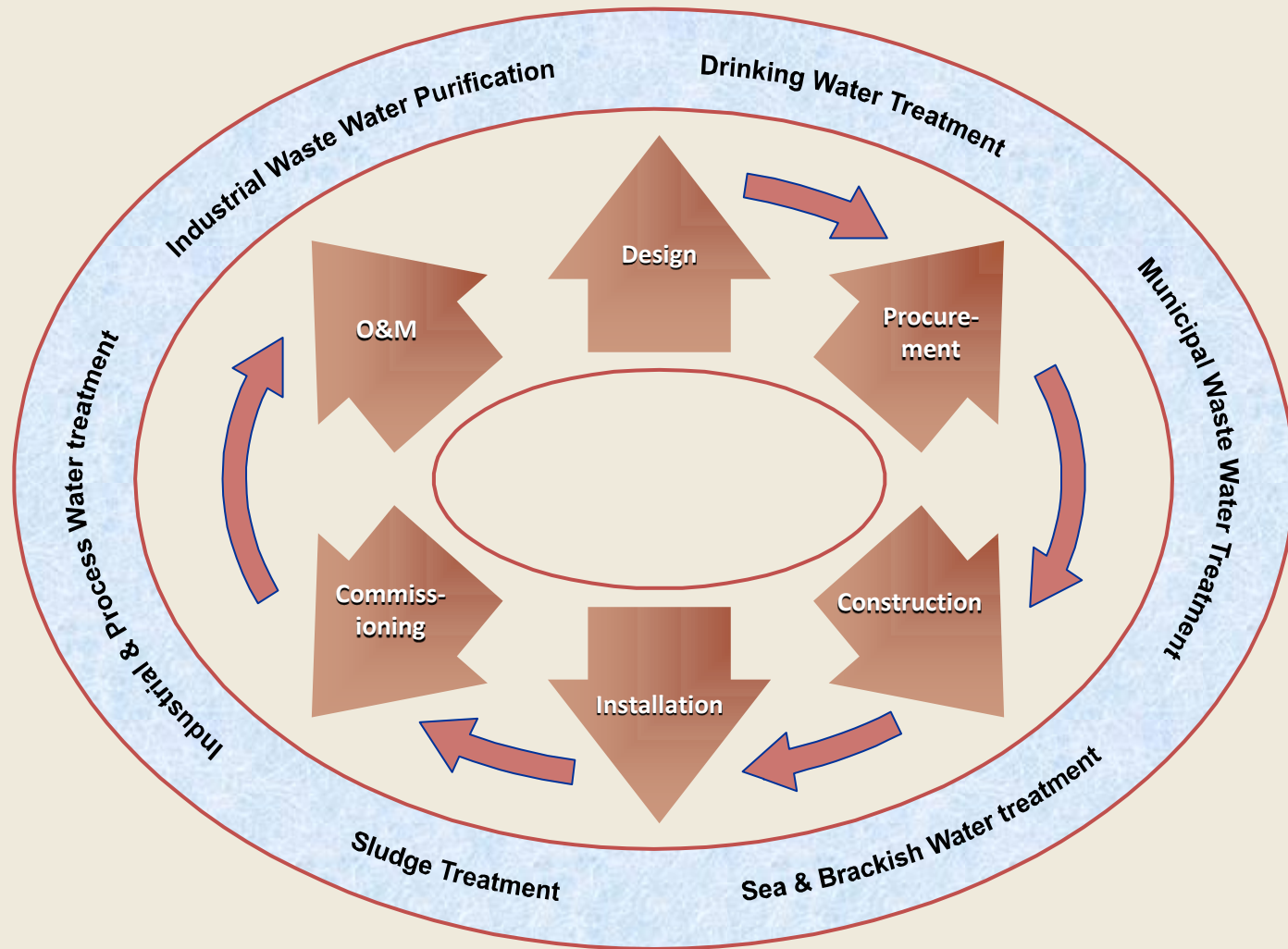
- Multi Stage Flash
- Multi-effect Distillation
- Thermal Vapor Compression
- Mechanical Vapor Compression
- Reverse Osmosis and Electro dialysis

Recycling

- Micro filtration
- Membrane Bio Reactors

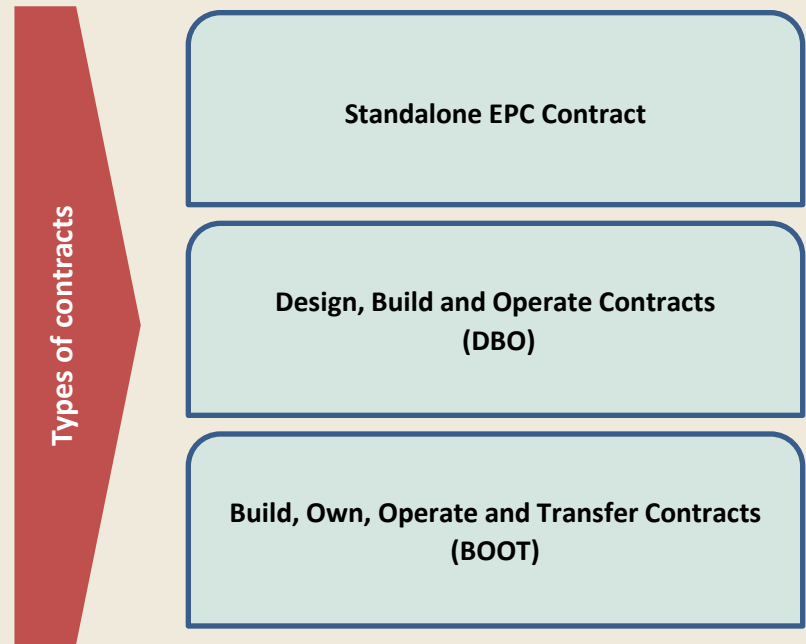
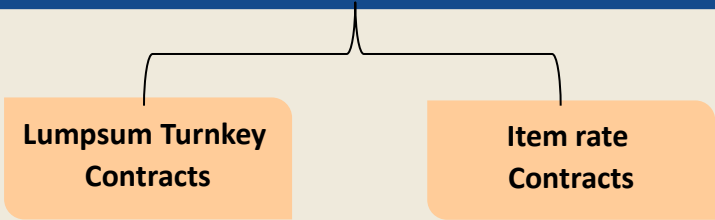
across project lifecycle...

- Focused solely on water
- Primarily catering to Municipal, & also to Industrial customers
- Offerings span across segments of water treatment
- Range of services from concept / design stage to implementation to running the operations

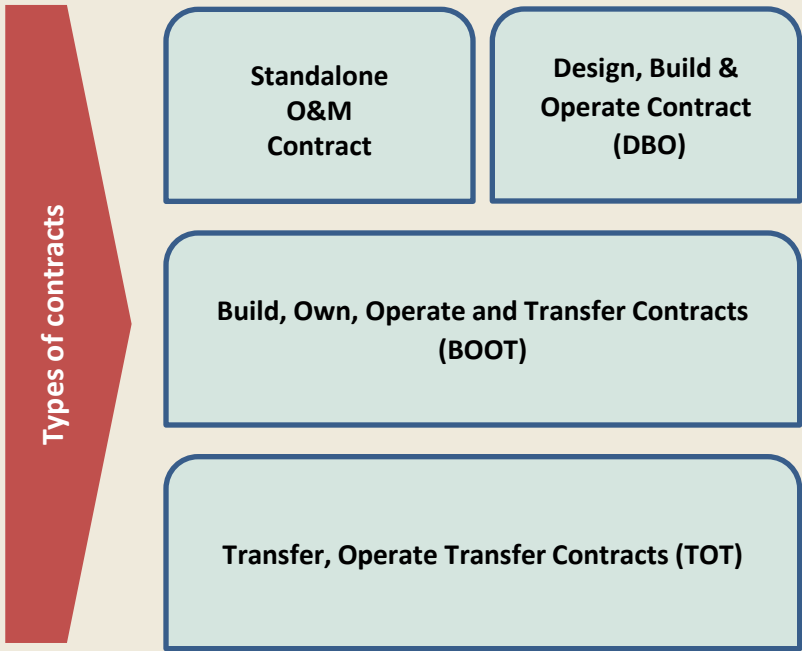
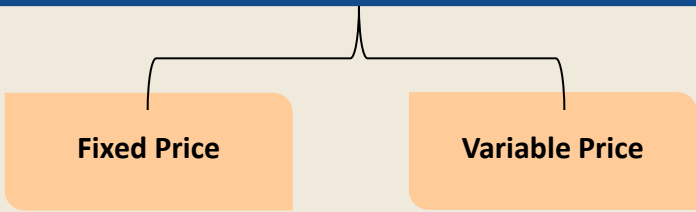


...through various business / delivery models

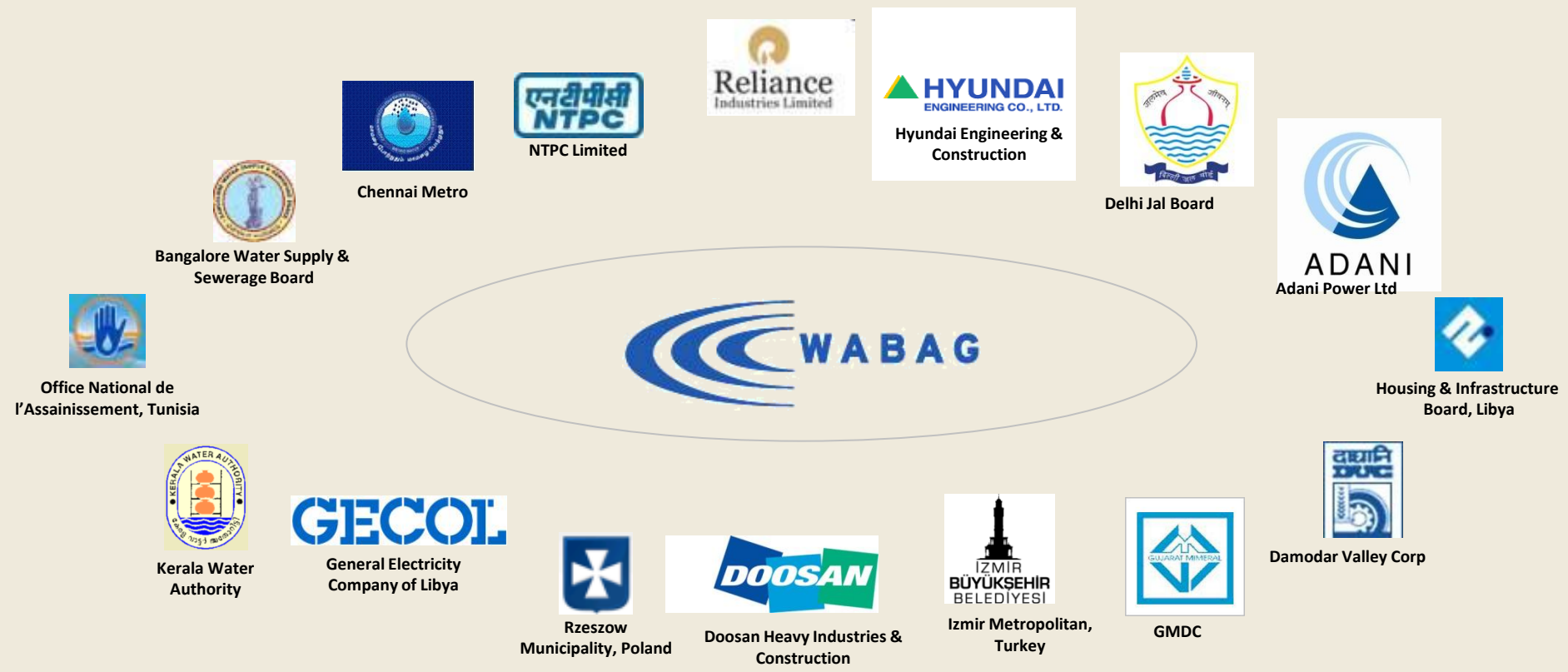
Engineering, Procurement and Construction



Operations and Maintenance



World Recognized Brand with Marquee Reference List



GROWTH STRATEGIES



Pertamina Balikpapan, Thermal Desalination, Indonesia

Well positioned to capture opportunities...

Our Strengths

- Ability to handle large and complex projects
- Execution skill for high value projects
- Strong Balance Sheet
- Strong execution and track record

World recognized brands with marquee reference

- Recognized Brand in water space since 1924
- Project list of more than 2250 projects in last 3 decades
- Presence in more than 19 countries across globe
- Access to new market and pre-qualify for bids

Focus on 'Value-Added & High Margin' work processes; Limits investment in Asset Base

Design & Engineering

- Critical for cost optimization
- Approvals to match customer requirements

Technology

- In-house to ensure compliance with designs
 - Combination of Proprietary & Bought out Technology
 - Testing, Quality Control

Civil Construction (Outsourced)

- Mostly outsourced to dedicated Contractors
- Ensures low asset base
- Allows to focus on core competencies

Operation & Maintenance

- In-house to ensure quality performance
 - High Plant Operation Efficiency
 - Least Downtime
- High EBIDTA segment

Asset Light Business model...facilitates quicker scale up with Higher ROCE

with strategy to maintain growth momentum and margin expansion...



International Operations Consolidation

- Strengthen presence in the already present geographies by leveraging the brand name and execution capabilities to attract new clients and win new projects
- Deliver quality in a cost efficient manner by using indigenous labor and skills
- Enter into partnerships/ alliances with local partners to understand local markets better and build on in-house capabilities
- Empower International subsidiaries by decentralization and strengthen their execution capabilities
- Empowering local management teams to fully utilize their knowledge of the local markets in growing sales and improving profitability

Improving Profitability

- **Exploiting significant synergies with International Group companies in the areas of engineering and procurement**
 - Centralized engineering assistance from India
 - Low cost sourcing model via global procurement policy
- **Emphasis on the higher margin O&M Segment**
 - Increase the proportion of revenues from this segment to improve our overall profitability

Business Expansion

- **Product & Services Expansion**
 - Expand presence in newer form of contracts such BOOT & TOT projects
- **Entry into newer geographies**
 - Expansion into newer high growth markets to exploit opportunities
- **Inorganic Expansion by acquiring companies**
 - Having better treatment technology or reference list of projects
 - Complementing existing product & services portfolio

FINANCIAL HIGHLIGHTS



**Xiaohongmen WWTP, Sludge Treatment,
Beijing, China**

RESULTS OVERVIEW – Consolidated Profit and Loss

Rs. Millions	Q1 FY 14	Q1 FY 13	YoY %	Q4 FY 13	FY13
Income	2,856	2,250	27%	6,766	16,022
Other Operating Income	5	60		89	167
Cost of Sales	1,915	1,518		5,148	11,747
Total Cost of Operations(TCO)	820	688		806	2,893
EBITDA	126	104	21%	901	1,549
EBITDA margin	4.4%	4.6%		13.3%	9.7%
Interest & Finance Charges (Net)	15	21		27	88
Depreciation & Amortization	33	24		30	109
Tax	48	35		244	456
Profit After Tax	28	22	27%	604	903
PAT margin	1.0%	1.0%		8.9%	5.6%

Advantage Wabag – Indian Cost Arbitrage

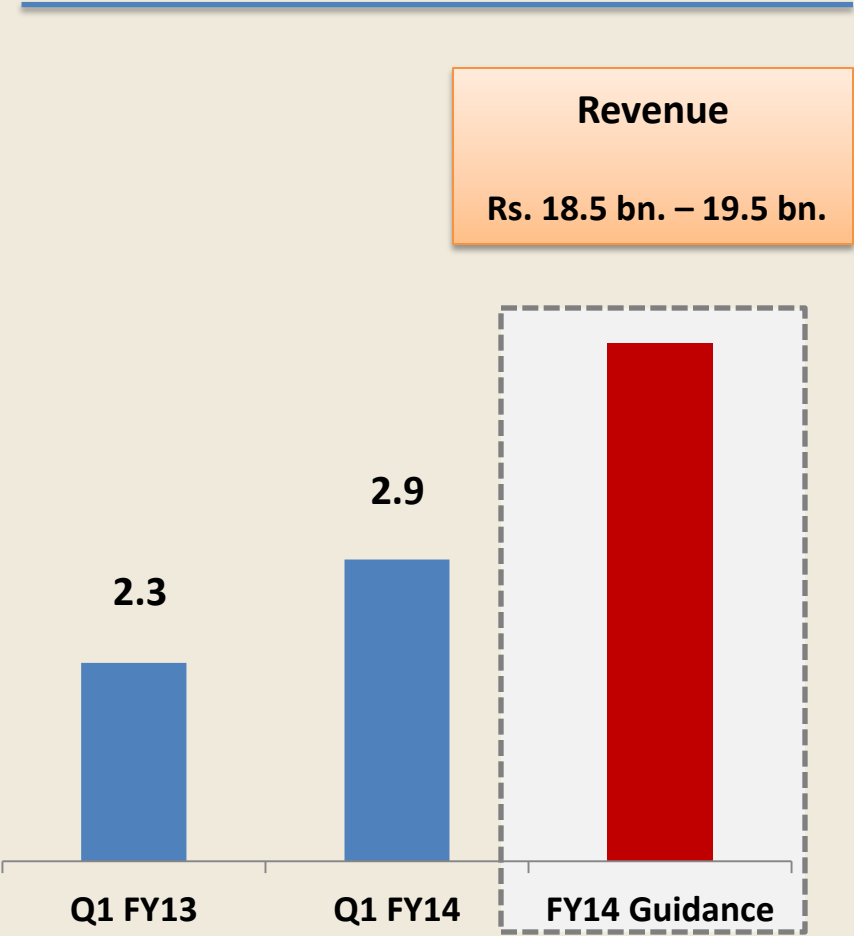
RESULTS OVERVIEW – Standalone Profit and Loss

Rs. Millions	Q1 FY 14	Q1 FY 13	YoY %	Q4 FY 13	FY13
Income	1,157	987	17%	4,993	10,411
Other Operating Income	-	60		89	161
Cost of Sales	711	741		3,998	8,172
Total Cost of Operations(TCO)	347	224		312	1,011
EBITDA	99	83	19%	772	1,388
EBITDA margin	8.5%	8.3%		15.5%	13.3%
Interest & Finance Charges (Net)	(9)	-		(2)	(10)
Depreciation & Amortization	17	14		19	66
Tax	30	22		244	432
Profit After Tax	61	46	33%	510	901
PAT margin	5.3%	4.7%		10.2%	8.7%

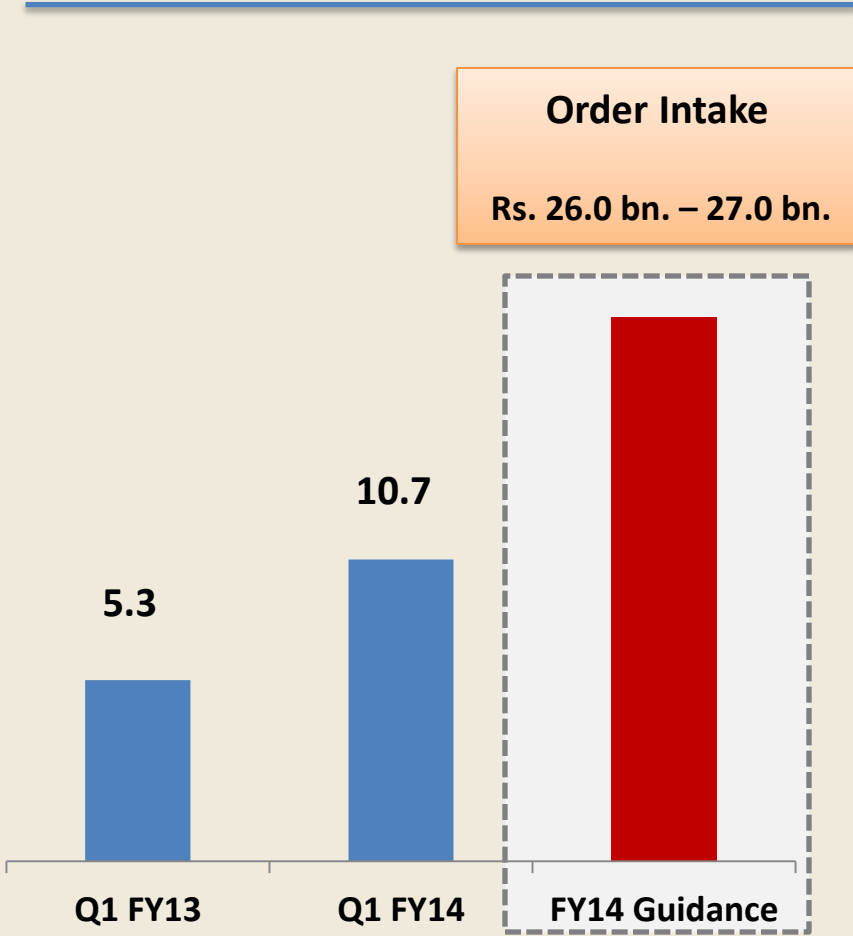
On consistent growth path ...

Guidance for FY 2014

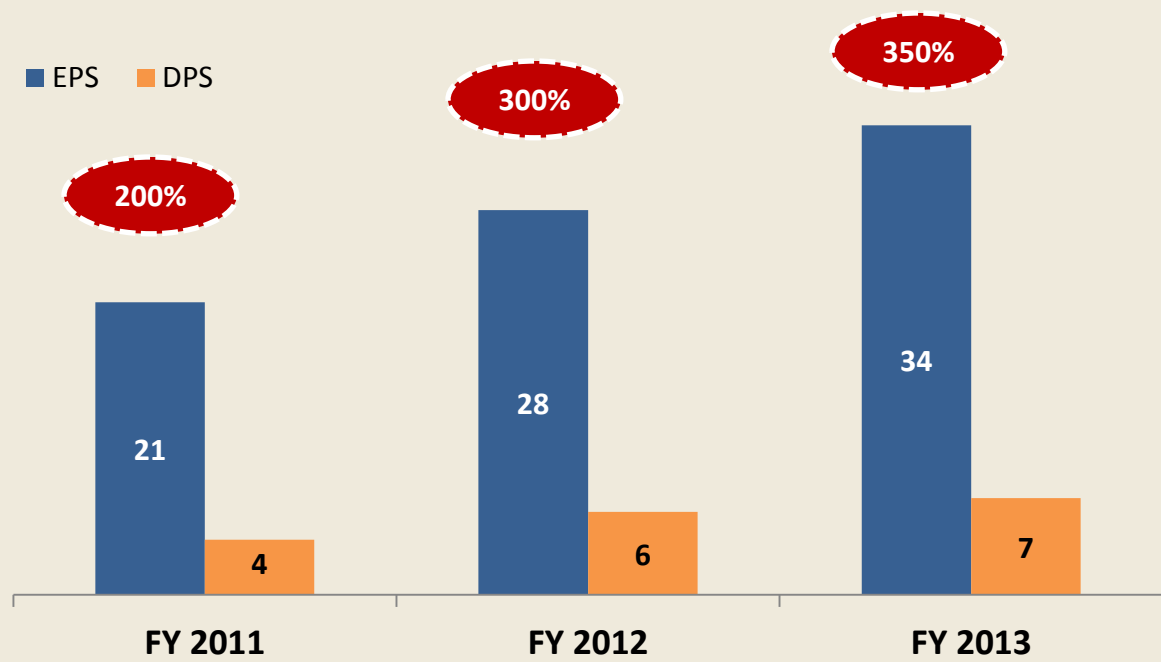
Revenue [Rs. Bn.]



Order Intake [Rs. Bn.]



Dividend Track Record



Earning Per Share (Rs.)	21	28	34
Dividend Per Share (Rs.)	4	6	7
Dividend Payout	19 %	21 %	21 %

Annexures

Revenue breakup – Q1 FY14

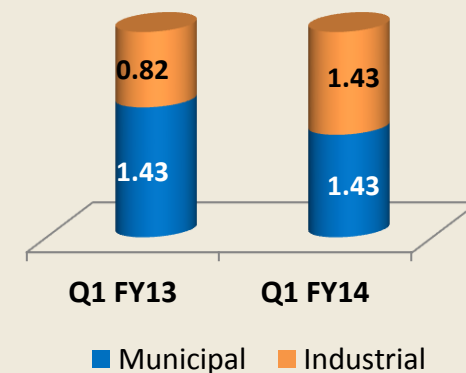
Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	158	744	130	124	1,156
Wabag Overseas	902	372	238	187	1,699
Total	1,060	1,116	368	311	2,855

Key Projects contributing to Revenue

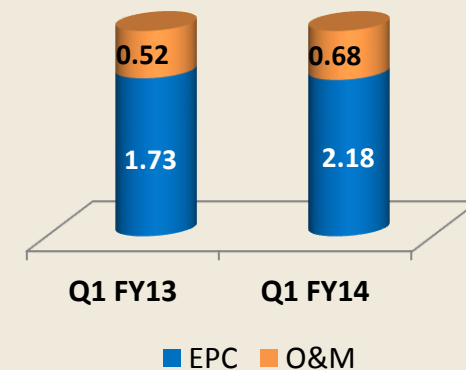
Revenue recognized [Rs Mn]

Reliance ETP Project	268
Al Gubrah Desalination Plant, Oman	221
Punj Lloyd, Waste Water Treatment Plant	216
Petrobrazi, Romania	173
Teheran, O&M	99
Siverek, WWTP	98
O&M at Adana, Turkey	97

Municipal vs Industrial [Rs Bn]

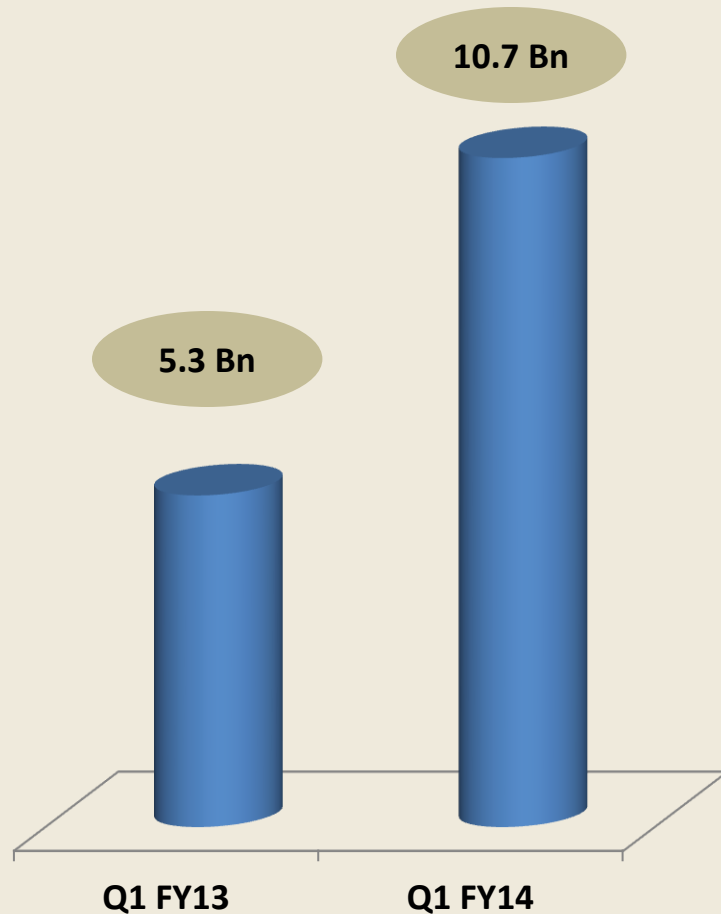


EPC vs O&M [Rs Bn]



Robust Order Intake

More than 100% increase in Order Intake

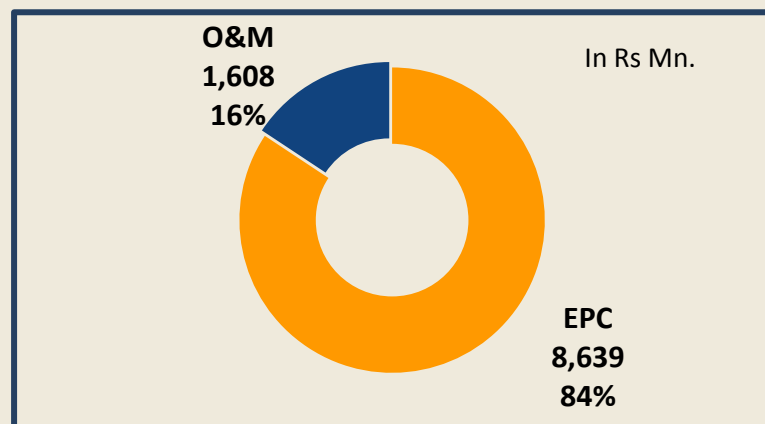


Petrobrazi, Romania

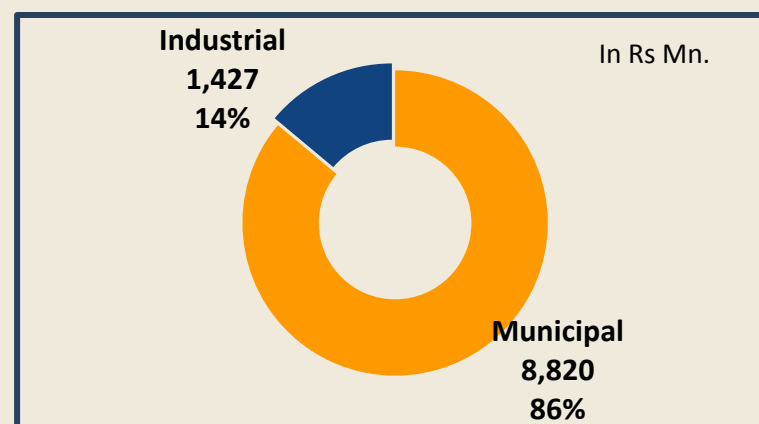
Order Intake – Q1 FY14

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	6,271	1,082	769	24	8,146
Wabag Overseas	1,019	267	761	54	2,101
Total	7,290	1,349	1,530	78	10,247
Framework Contracts					446
Total including framework					10,693

EPC vs O&M



Municipal vs Industrial



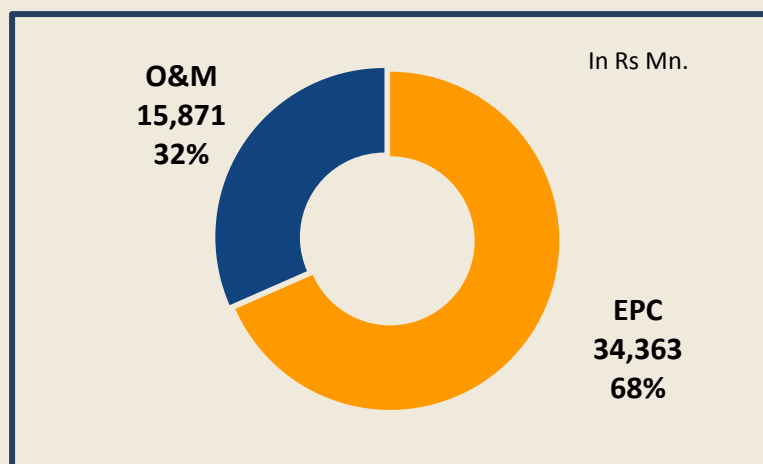
Key Orders received – Q1 FY14

Project	Particulars	Amt [Rs. Mn]
▪ Orissa Water Supply & Sewage Board	▪ Sewage treatment plants, aggregating to 100 MLD	3,250
▪ Nepal, Melamchi Water Supply Project	▪ 85 MLD Water treatment plant, with scope for expansion up to 510 MLD at a later stage	2,620
▪ Chennai Metropolitan Water Supply & Sewage Board	▪ Pumping station & pipeline works for water supply & sewerage scheme	1,148
▪ Jindal steel & Power Ltd	▪ Waster Water Treatment plant	283
▪ Indorama	▪ Water Treatment plant	223
▪ Reliance Industries	▪ Sea Water Filtration	118

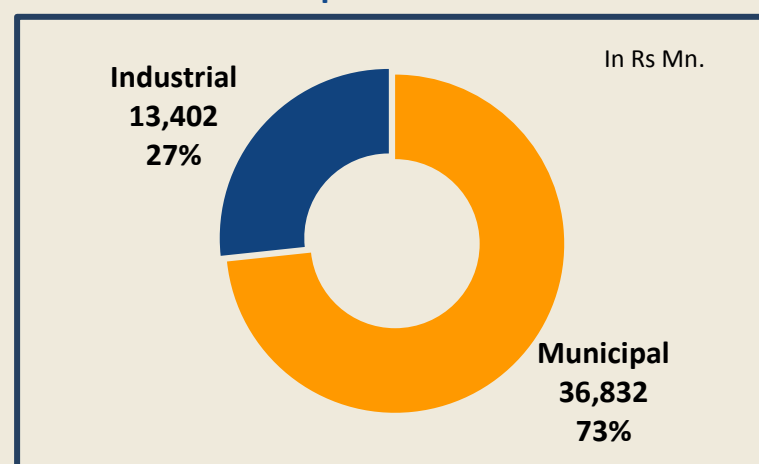
Current Order Book

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	13,150	9,747	11,616	1,283	35,796
Wabag Overseas	9,462	2,004	2,604	368	14,438
Total	22,612	11,751	14,220	1,651	50,234
Framework Contracts					10,983
Total With Framework					61,217

EPC vs O&M



Municipal vs Industrial



Order Book of Rs. 50.2 Bn & Framework Contracts of Rs. 11 Bn

Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
▪ Nemmeli Desalination Project, Chennai	5,000
▪ 191MLD SWRO–Al Ghubrah, Oman	4,114
▪ OWSSB, Sewage treatment plant of 100 MLD	3,250
▪ Nepal, 85 MLD Water treatment plant	2,620
▪ 195 MLD WTP for Ulhasnagar Municipal Corporation with O&M for 30 years	2,300
▪ Water Treatment Plant, Sri Lanka	1,600
▪ Water Treatment Plant, Philippines	1,300
▪ CMWSSB, Pumping Station & Pipeline	1,200
▪ Teheran O&M	900

Key Framework Contracts *

- 192 MLD WTP for Aurangabad Municipal Corporation with 17 years O&M EPC Rs. 550 mn and Rs. 720 mn for O&M
- Libya Order of EUR 90 mn
- Madinaty, Egypt Order of Rs. 1.2 bn
- Libya , Water treatment plant of Rs. 1.1 bn
- Swiss Reinach of Rs. 50 mn
- Vidin WWTP Bulgaria of Rs. 360 mn
- Adana O&M Turkey of Rs. 90 mn

** Contracts wherein Advance Monies/ LC awaited, hence not taken in Order Book*



For further information, please contact

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