



# **VA TECH WABAG LTD.**

**Investor Presentation  
February 2017**



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# Business Overview



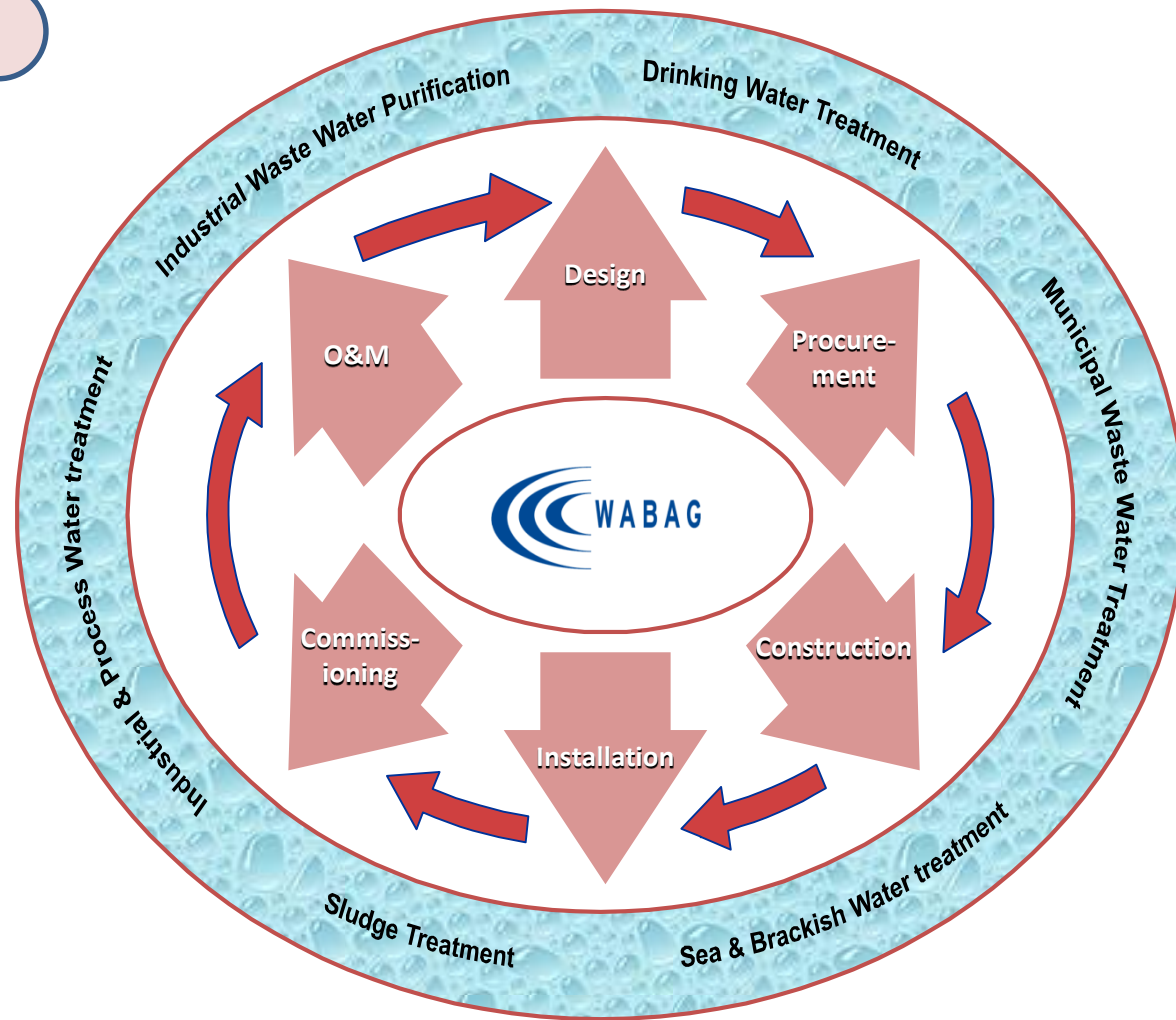
**BATNA Waste Water Treatment Plant, ALGERIA**

# Complete Water Treatment Solution Provider...

- ✓ Provides a complete range of Water and Waste Water Treatment solutions
- ✓ Offering spanning across Municipal Drinking Water, Municipal Sewage, Industrial Water, Industrial Effluents, Desalination and Recycle
- ✓ Technology focused company - Owns more than 100 patents
- ✓ R&D centers located in India, Austria and Switzerland
- ✓ Indian Multinational player in the water treatment industry
- ✓ Strong execution track record - More than 2300 projects in last 3 decades
- ✓ Professionally managed Company with Promoters having an average of 30 years work experience in the industry

# Offering a complete range of solutions across project lifecycle

- ✓ Pureplay water company
- ✓ Catering to both Municipal & Industrial customers
- ✓ Offerings span across segments of water treatment
- ✓ Range of services from concept / design stage to implementation to operations of plant



# Led by ambitious professionals

## Promoter Group



**Rajiv Mittal** (Promoter) – Managing Director & Group CEO

- Visionary, entrepreneur & a sound water technologist having 32 years of experience in the industry. Started water business in India for Wabag in 1996.
- Managing Director since 2000; under his leadership the Company has witnessed management buyout followed by manifold growth.



**S. Varadarajan** (Promoter) – Director & Chief Growth Officer

- Seasoned professional with over 29 years of experience of which 19 years in water industry with Wabag.
- Had been the CFO of Group until 2015 with a very successful IPO behind him. Recently taken charge as Chief Growth Officer to position the company for its ambitious growth.



**Shiv Narayan Saraf** (Promoter)

- 42 years of experience in the water engineering industry of which 15 years with Wabag
- Currently Advisor, Project Execution and Construction Management for India Cluster. Was formerly heading Project execution in Wabag



**Amit Sengupta** (Promoter)

- A water technologist with 37 years of experience in water engineering industry of which 14 years with Wabag
- Currently Advisor, Corporate Strategy and Global Marketing. Formerly was business head and head of S&M, corporate strategy functions in Wabag

## Independent Directors



**B D Narang** – Non Executive Chairman of the Board

- Veteran Banker with over 32 years of banking experience who retired as CMD of Oriental Bank of Commerce.
- Was a member for various high profile committees. nominated by Reserve Bank of India and Ministry of Corporate Affairs



**Jaithirth Rao** - Independent Director

- Has more than 20 years of experience in Banking Industry. An entrepreneur & formerly Founder, Chairman and CEO of Mphasis.
- Seasoned veteran in consumer and corporate financial services . Passionate teacher in leading Management Institutes on International business and finance.



**Malay Mukherjee** - Independent Director

- He has over 40 years of experience in mining and steel industry. Formerly CEO of the Essar Steel Group . He was instrumental in creation of the largest steel company namely Arcelor Mittal
- Member of Academy of Natural Science & life member of Indian Institute of Metals.



**Sumit Chandwani** – Independent Director

- 20 years of experience in private equity, structured finance and project finance. Currently Partner of Arth Equity Advisors LLP
- Formerly President of the Private Equity business of ICICI Ventures



**Revathi Kasturi** - Independent Director

- Over 30 years experience in leadership, Training and developing young minds for corporate world.
- Formerly Chief Executive Finance Solutions – Wipro Technologies. Currently Director & CEO of Laqsh Job Skills Academy.



# Led by ambitious professionals



**Parthasarathy Gopalan** –Group CFO

- 23 years experience across three diverse organizations including 13 years in Ford Motor company as CFO & Director.
- Currently with Wabag from Sep 2015 as CFO of the Group. Previously was COO in CRH plc.



**Ravi Shankar** –Global Head, Human Resources

- More than 34 years of industry experience in HR, Organization Development, business excellence and change management.
- Currently Head-Global HR in Wabag. Was formerly heading HR function in leading multinational in India.



**Rajneesh Chopra** – Global Head – Business Development

- 30 years of work experience with more than 25 years in the Water Industry
- Previously worked with Ultimate Water Solution as CEO and with Ion Exchange India Limited as General Manager



**Bernard Birou** –Europe Cluster Head

- A water technologist with > 35 years of technical and managerial experience in the international water business of which 8 years with Wabag.
- Currently heads the Europe Cluster. Previously had lead Wabag in Switzerland and in Austria



**Patrick Andrade** – Chief Operating Officer – India Cluster

- Water technologist with 30 Years of experience in the Industry; Previously worked in senior positions in Thermax and Aquatech
- Played key role in developing the Industrial Water Business in India as Head of SBU for Industrial water



**Arnold Gmuender** – COO, Wabag Switzerland & Regional Head SEA & China

- Seasoned Water Technologist with 35 years of work experience in the water industry large part of which is in Wabag.
- Leads operations in Wabag Switzerland. Also responsible for development of South East Asia & China market.

## Nurturing Entrepreneurial Talent



**Colerridge Shelley**  
Director,  
WABAG Philippines

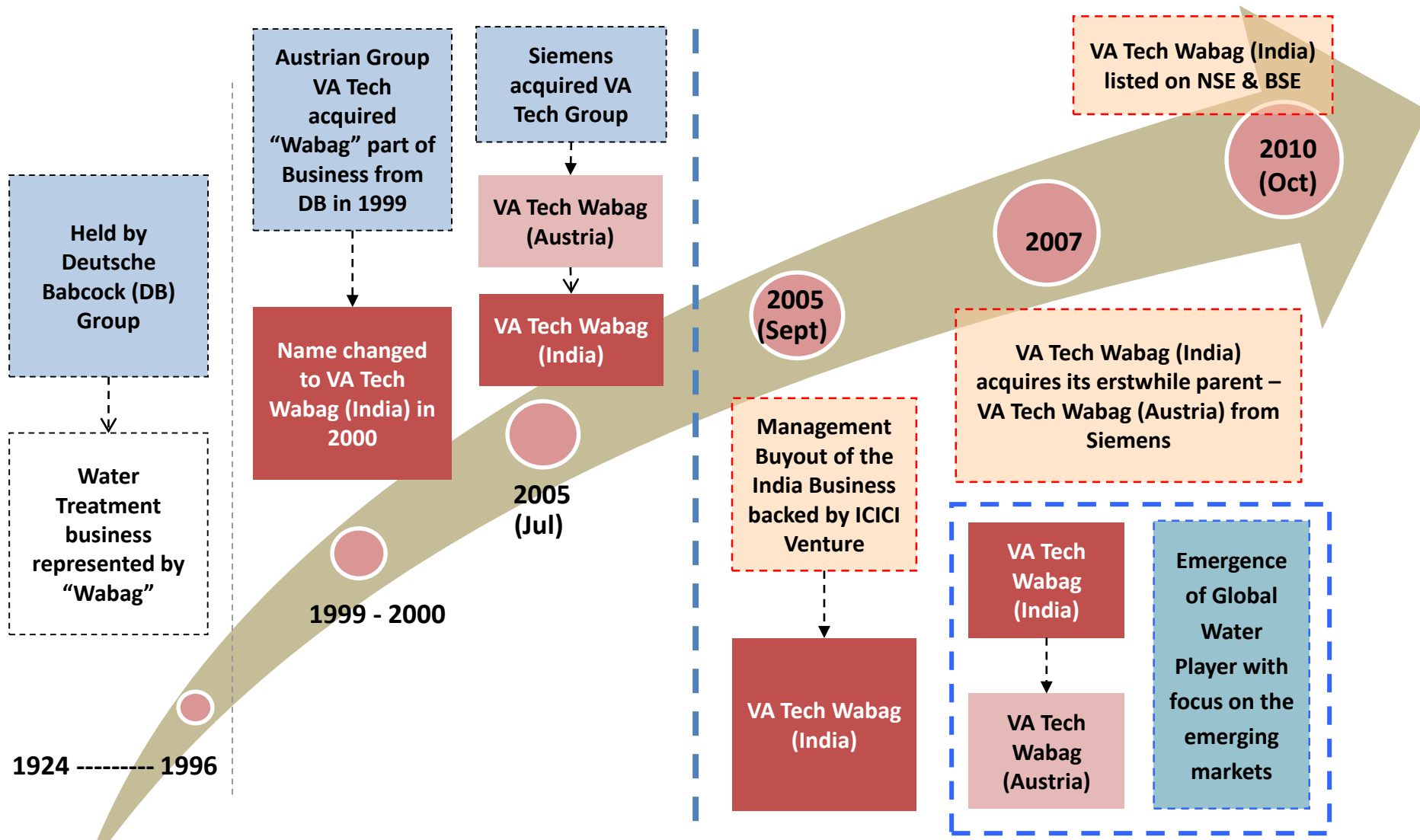


**Erwin Mötz**  
Managing Director,  
WABAG Romania



**Mahmut Gedek**  
Managing Director,  
WABAG Turkey

# Management Buyout followed by Acquisition of erstwhile Parent...





# ... Strengthen the Positioning in Water Treatment Sector

## Wabag Austria acquisition brought along...

- 1 Technical Know-how – Access to over 100 Patents & Experienced Manpower
- 2 Perennial Rights to “WABAG” brand - Established in 1924
- 3 Project References in more than 19 countries helps P/Q
- 4 Access to Global geographies

## .... facilitated to Achieve

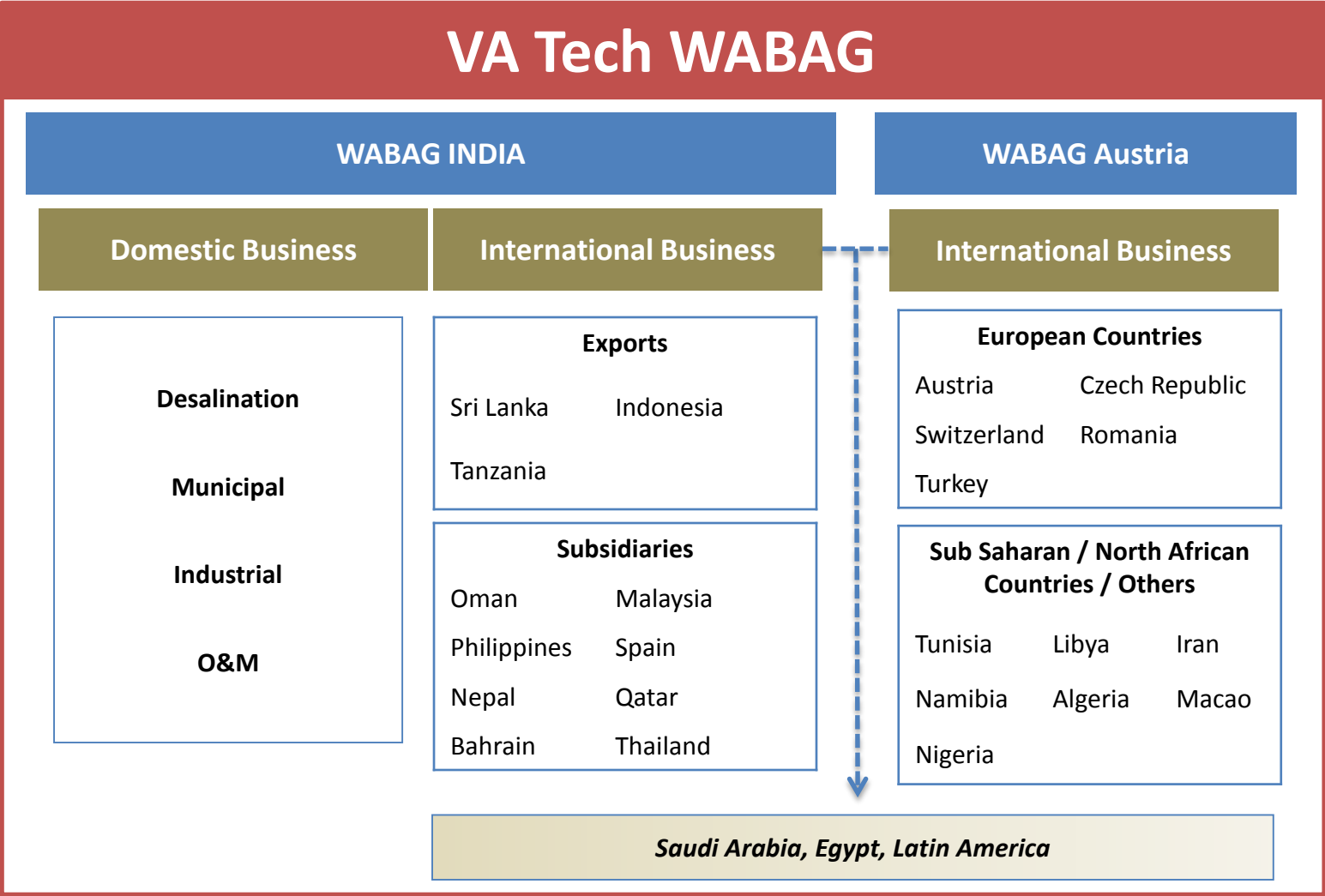
### Growth in India Business

Revenue grew around 5 times  
From Rs. 332 Crs to Rs. 1,503 Crs

### Acceptance of WABAG INDIA in Overseas market

Opportunity to leverage Low  
Cost Economic Advantage in  
Global market

# Current Business Structure



# Our Key Strengths



100 MLD Desalination Plant, Chennai, INDIA

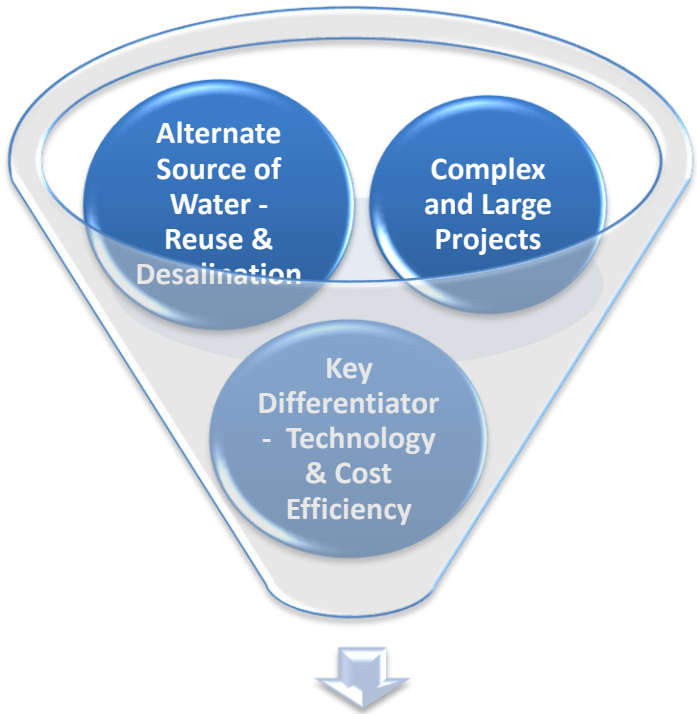
# Use of Advanced Technology & R&D...

## Advanced Technology & Patented Products/Processes

Biological Aerobic Treatment	Sludge Treatment	Anaerobic Digestion	Coagulation	Flocculation
Demine-realization	Disinfection	Filtration	Sedimentation	Reverse Osmosis
Thermal Desalination	Screening	Ion Exchange	Ozone treatment	UV Treatment
Fluidized Bed Technology FLUOPUR®	Bio-filtration BIOPUR®	Activated Sludge HYBRID™	Membrane Bio Reactor MARAPUR®	De-nitrification BIOIDEN®
Biological Anaerobic Treatment EkJ Process™	Membrane Filtration CERAMOPUR®	Oxidation Process ADOX®	Sludge Digestion BIOZONE®	

- Customized solutions employing in-house tech
- Patents owned for select products/ processes

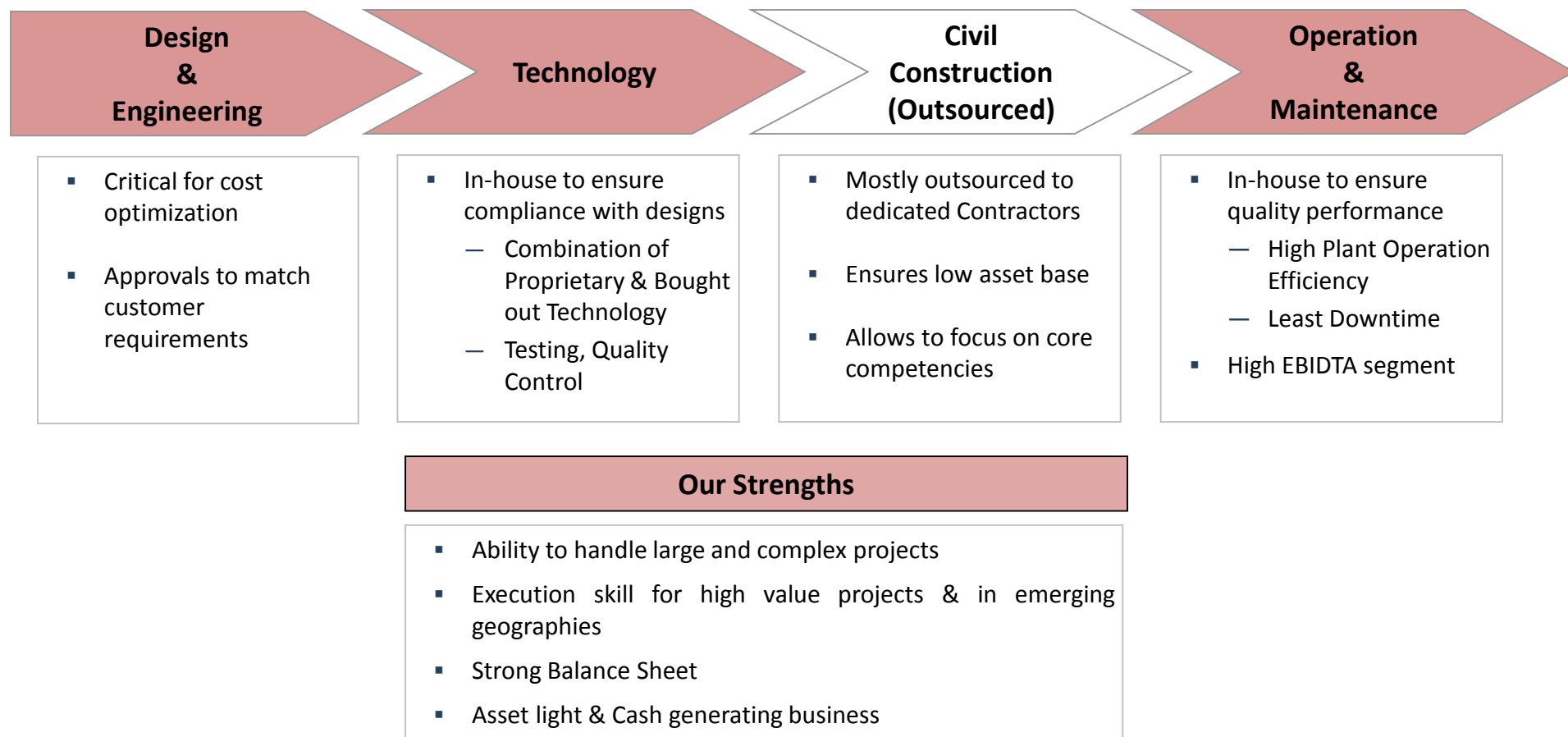
## High quality treated water – Technology is the deciding factor



**ADVANCED EUROPEAN TECHNOLOGY  
@ LOCAL COST**



# Asset Light Business Model



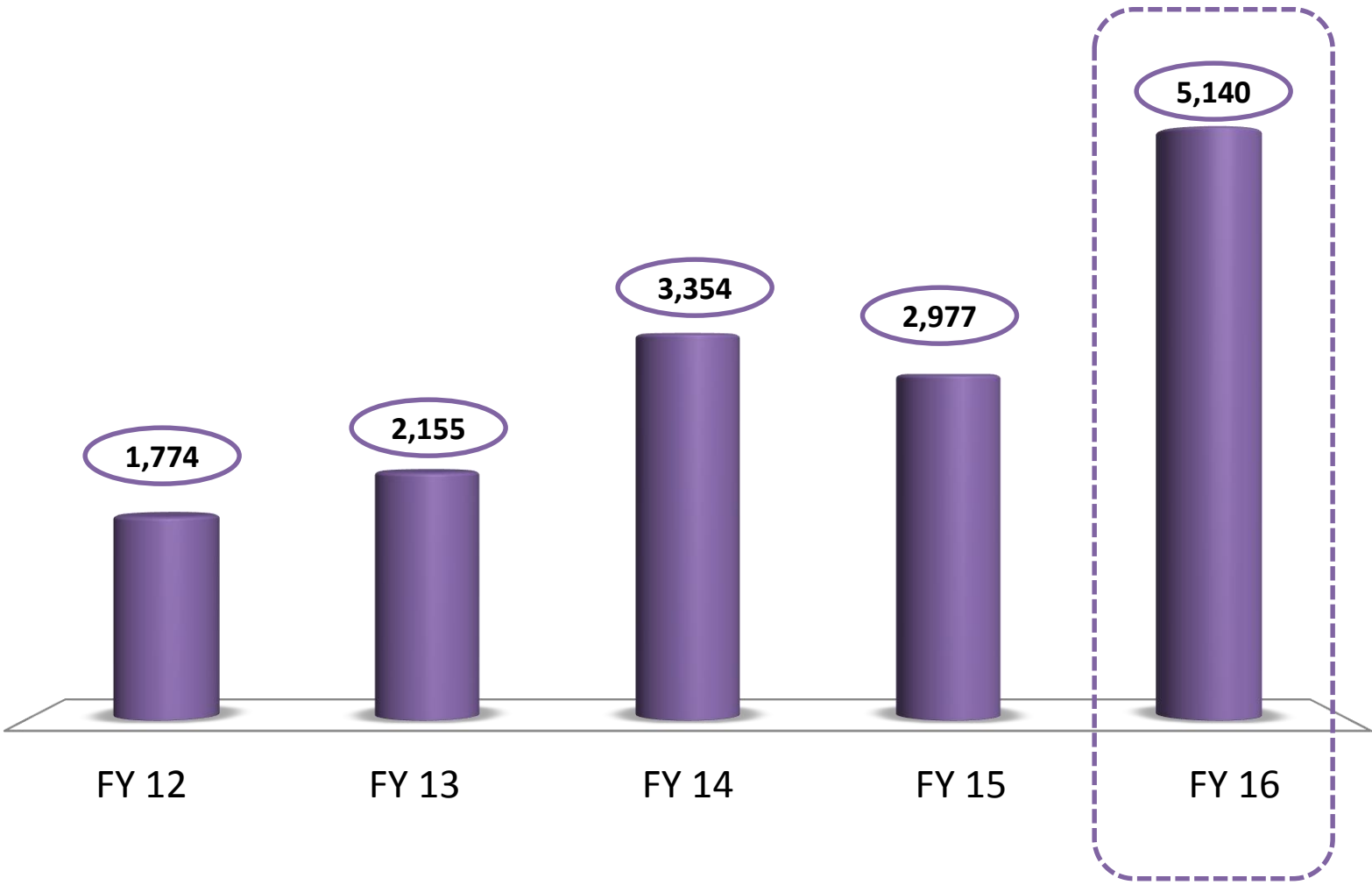
**Focus on 'Value-Added & High Margin' work processes; Limits investment in Asset Base**

# FINANCIAL HIGHLIGHTS



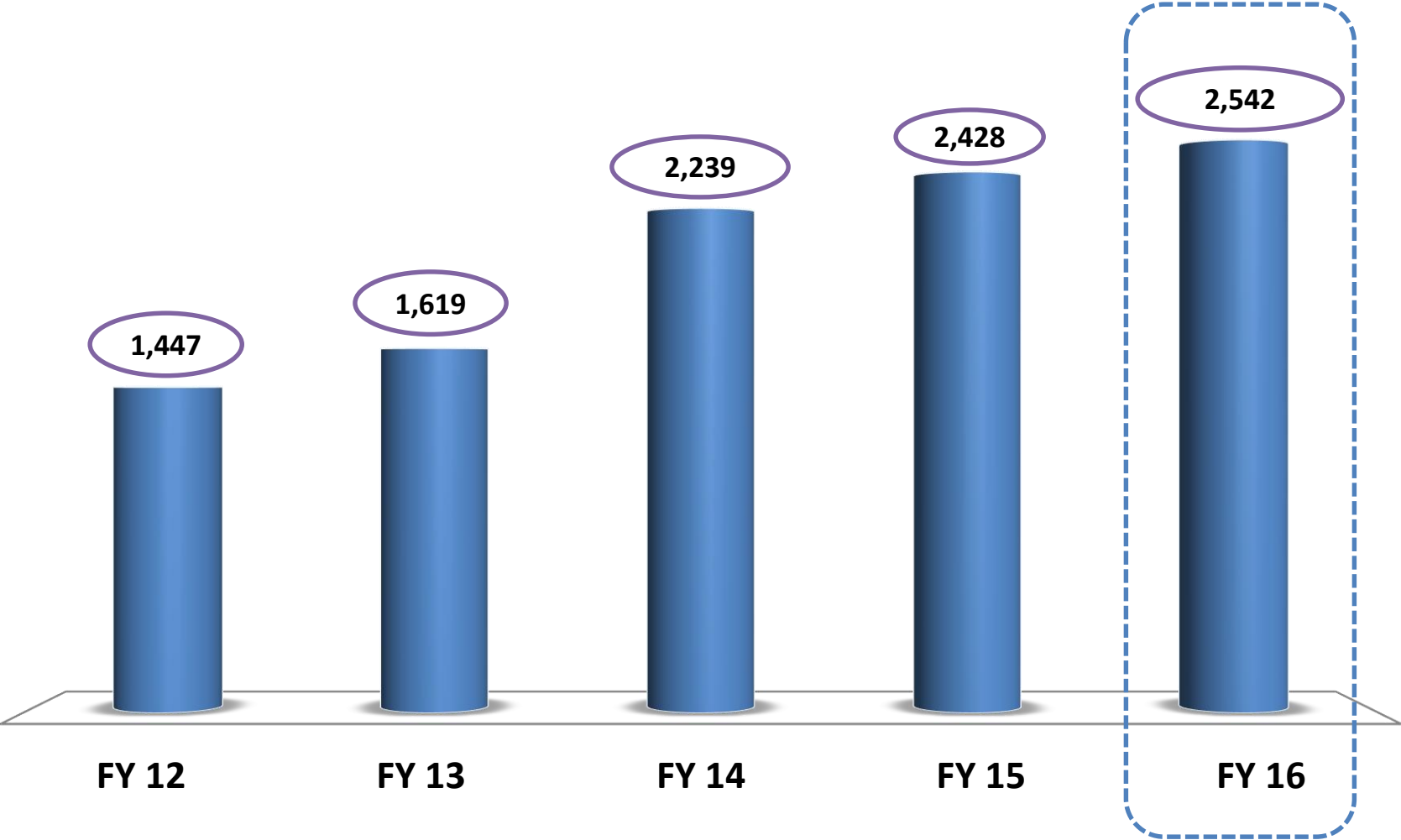
Waste Water Treatment Plant,  
Turkey

# Yearly Order Intake



Rs. Crs.

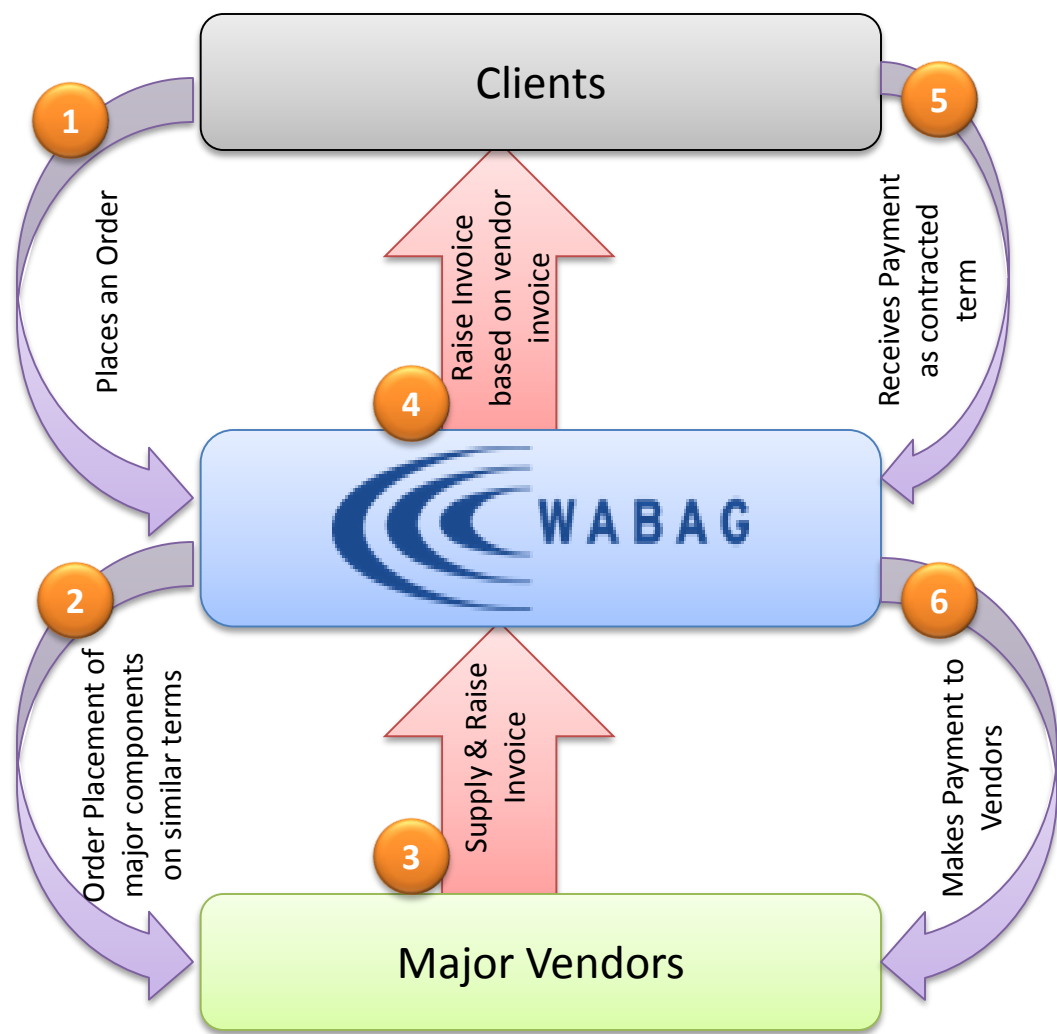
# Robust Revenue Growth



Rs. Crs.



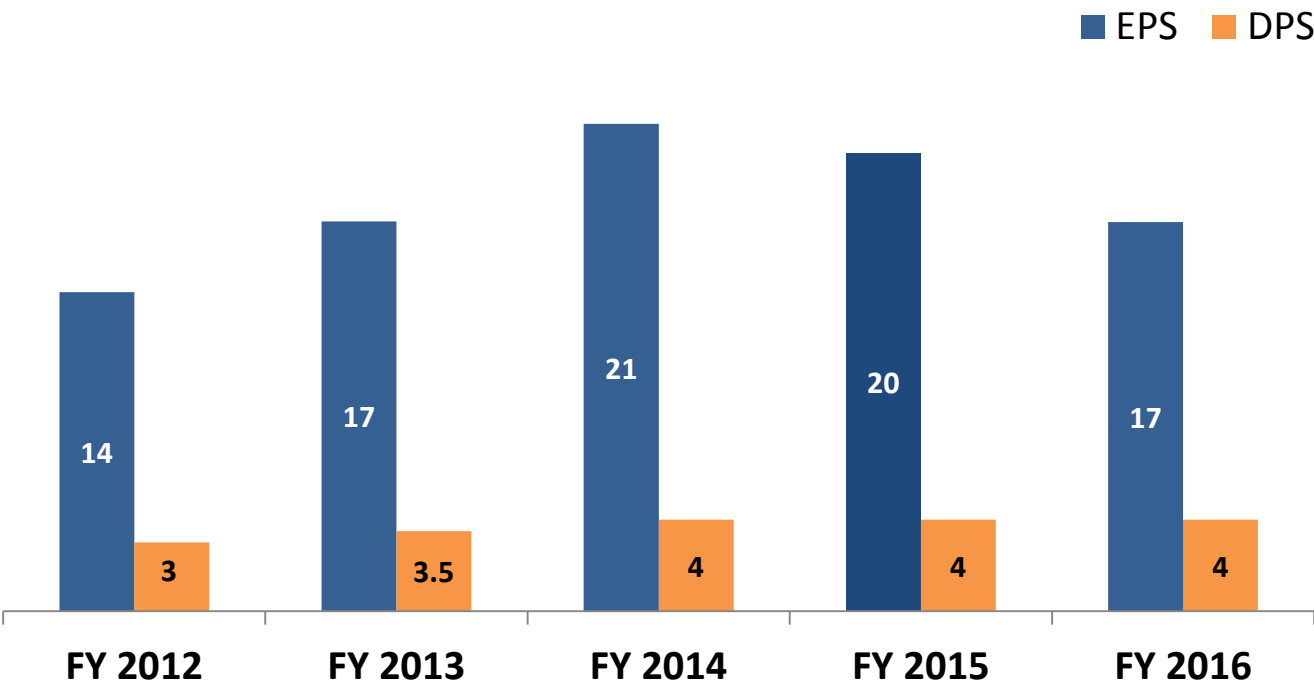
# Working Capital Cycle



- Why are the Receivables & Payables higher on Balance Sheet date?
  - Q4 generally accounts for 35-40% of annual turnover
  - Invoice raised & recognized as Revenue that appear in Receivables, are not due for payment as per contract
  - The above applies to Payables to major Vendors too
  - Receives and makes payment as per contracted terms in due course of time

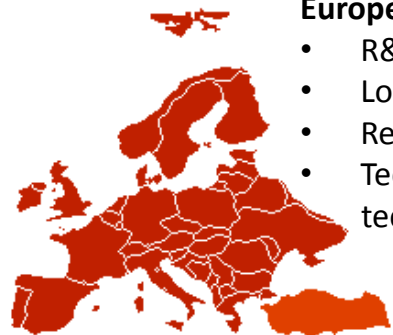
# Dividend Pay-out

Adjusted for Share Split in FY 2011  
Adjusted for Bonus Issue of 1:1 in FY 2015



Earning Per Share (Rs.)	14	17	21	20	17
Dividend Per Share (Rs.)	3	3.5	4	4	4
Dividend Payout	21 %	21 %	19%	20%	24%

# Strategic Geographical Spread



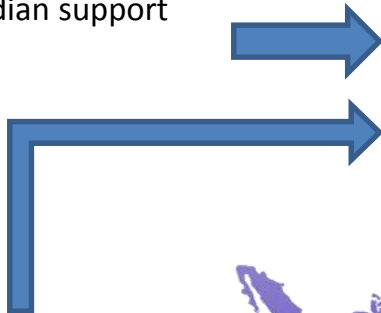
## Europe

- R&D Centre – over 100 patents
- Low working capital
- References for global business
- Technology Centre for advanced technologies in waste water



## Africa

- Largely untapped-emerging economy
- Competitiveness through Indian support



## LATAM

- Huge market for Desal, Industrial and BOOT Projects



## India

- High Margins
- Low cost of Operations
- Technology Centre for Industrial business and desalination



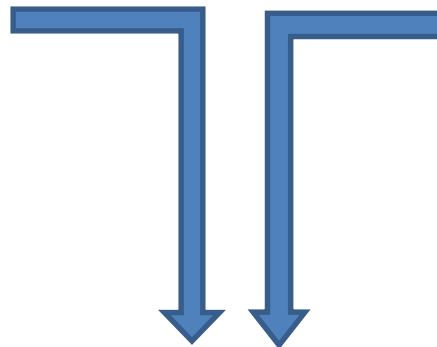
## South East Asia

- Largely untapped - Emerging economy
- Competitiveness through Indian support



## Middle East

- >50% of Desal market in Saudi
- High potential for advanced technologies
- Competitiveness through Indian support



# Quarterly Performance





# RESULTS OVERVIEW – Standalone Profit and Loss

Rs. Millions	Q3 FY17	Q3 FY 16	YOY %	9M FY 17	9M FY 16	YoY %
Income	3,726	3,713	0.4%	10,769	9,497	13%
Other Operating Income	82	28	194%	178	84	112%
Cost of Sales	2,690	2,888	-7%	8,227	7,272	13%
Total Cost of Operations (TCO)	389	458	-15%	1244	1,242	
EBITDA	729	395	84%	1,475	1,066	38%
<b>EBITDA margin</b>	<b>19.6%</b>	<b>10.6%</b>		<b>13.7%</b>	<b>11.2%</b>	
Net (Gain) / Loss on Forex	-5	10		-105	-46	128%
Interest & Finance Charges (Net)	61	47	30%	157	90	75%
Depreciation & Amortization	23	29	-21%	71	91	-22%
Exceptional Items	643	0		643	0	
Tax	3	101	-97%	246	316	-22%
Profit After Tax	5	208	-98%	464	616	-25%
<b>PAT margin</b>	<b>0.1%</b>	<b>5.6%</b>		<b>4.3%</b>	<b>6.5%</b>	
Other Comprehensive Income	-3	-1		-8	-3	
<b>Total Comprehensive Income</b>	<b>2</b>	<b>207</b>	<b>-99%</b>	<b>456</b>	<b>612</b>	<b>-26%</b>

- Q3 FY17 sales impacted due to delay in commencing Chennai TTP and Sri Lanka WTP project. The two projects are expected to gather pace in Q4 FY17.
- Margin expansion in few international projects through procurement and engineering efficiencies resulted in higher margins in Q3 FY17.
- Exceptional item represents the payment of liquidated damages in the Oman Desalination JV.

# RESULTS OVERVIEW – Consolidated Profit and Loss

Rs. Millions	Q3 FY17	Q3 FY 16	YOY %	9M FY 17	9M FY 16	YoY %
Income	7,130	6,102	17%	20,695	16,574	25%
Other Operating Income	53	5	1052%	67	21	219%
Cost of Sales	5,400	4,787	13%	16,330	12,934	26%
Total Cost of Operations (TCO)	989	875	13%	2,782	2,458	13%
EBITDA	794	445	79%	1,650	1,203	37%
<b>EBITDA margin</b>	<b>11.1%</b>	<b>7.3%</b>		<b>8.0%</b>	<b>7.3%</b>	
Net (Gain) / Loss on Forex	-22	15		-72	-5	1233%
Interest & Finance Charges (Net)	124	100	25%	328	269	22%
Depreciation & Amortization	46	50	-7%	139	154	-9%
Tax	45	115	-61%	340	363	-6%
<b>Profit After Tax</b>	<b>601</b>	<b>165</b>		<b>914</b>	<b>423</b>	
Share of Profits from Associates / MI	-627	28		-647	-187	
<b>Net Profit After Tax</b>	<b>-26</b>	<b>192</b>		<b>267</b>	<b>236</b>	
<b>PAT margin</b>	<b>-0.4%</b>	<b>3.1%</b>		<b>1.3%</b>	<b>1.4%</b>	
Other Comprehensive Income	-69	-13		25	-80	
<b>Total Comprehensive Income</b>	<b>-95</b>	<b>179</b>		<b>292</b>	<b>156</b>	

- 17% growth in topline aided by good on track execution in our large overseas projects.
- TCO increase is mainly on account of employee cost in IIU's like Malaysia, Bahrain, Singapore and Philippines.
- Margin expansion from the standalone entity led to better operating margins.
- The loss in share of profits from associates reflects the adverse impact of Liquidated Damages in the Oman Desalination JV.

# RESULTS OVERVIEW – Balance Sheet

Rs. Millions	Sep'16	Sep'16
	Consolidated	Standalone
Net Worth	9,402	7,980
Non-Current Liabilities	2,724	1,753
Trade Payables	11,732	7,351
Short Term Borrowings	4,696	3,587
Other Current Liabilities	3,867	664
<b>Total Liabilities</b>	<b>32,420</b>	<b>21,334</b>
Fixed Assets	1,812	932
Other Non-Current Assets	3,874	3,962
Trade Receivables	18,736	11,577
Cash & Bank Balances	3,521	772
Other Current Assets	4,477	4,092
<b>Total Assets</b>	<b>32,420</b>	<b>21,334</b>

➤ As per SEBI directive, Ind-AS restated previous year Balance Sheet will be published as part of Full Year FY 17 financials

# RESULTS OVERVIEW – Working Capital Highlights

Rs. Millions	Sep'16	Mar '16*
Inventories	1,548	976
Trade Receivables	18,736	17,682
Loans and Advances	1,574	1,099
Other Current Assets	1,356	1,503
<b>Total Current Assets (A)</b>	<b>23,213</b>	<b>21,260</b>
Trade Payables	11,732	10,399
Other Current Liabilities and Provisions	3,867	4,170
<b>Total Current Liabilities (B)</b>	<b>15,599</b>	<b>14,569</b>
<b>Net Working Capital (NWC)</b>	<b>7,615</b>	<b>6,691</b>
<b>Net Working Capital (No. of Days)</b>	<b>98</b>	<b>96</b>

*\*as per published financials*

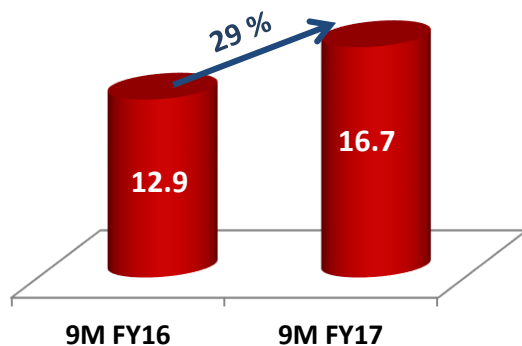
- APGENCO project receivable's contribute ~16% of receivables, of which 50% will be due in the course of next 4-5 months and balance in FY 18
- Judicious use of Cash / Short Term borrowings and negotiation of credit terms with vendors led to control in working capital despite strong increase in turnover

**Net working capital no. of days sales at 98 days**

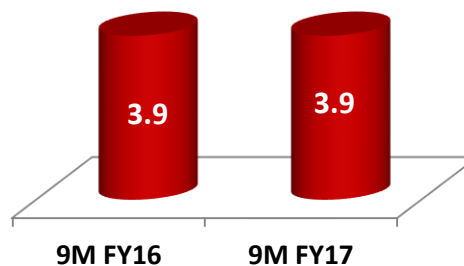
# Revenue Breakup – 9M FY17

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	2,952	6,765	798	254	10,769
Wabag Overseas	4,351	2,722	2,061	792	9,926
<b>Total</b>	<b>7,303</b>	<b>9,487</b>	<b>2,859</b>	<b>1,046</b>	<b>20,695</b>

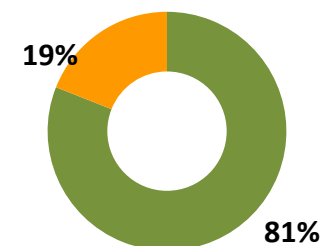
EPC [Rs. Bn.]



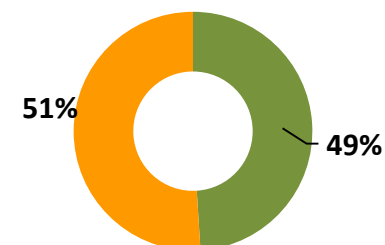
O&M [Rs. Bn.]



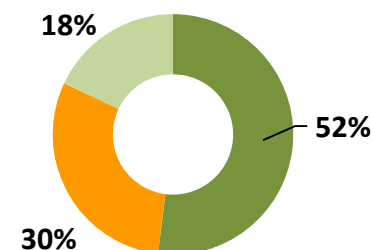
EPC O&M



Municipal Industrial



India Europe MDUs\* IIUs #





# Key Projects Contributing to Revenue – 9M FY 17

Project Details	Revenue recognized [Rs. Mn]
▪ Petronas RAPID ETP, Malaysia	3,153
▪ APGENCO – BOP with Water management	2,871
▪ AMAS, Bahrain – 40 MLD STP	1,892
▪ RIL Projects	1,253
▪ Istanbul, Turkey O&M	1,126
▪ Dangote, Nigeria – 60 MLD RWTP	978
▪ UP Jal Nigam – 140 MLD STP	616
▪ Suplac, Romania – ETP	487
▪ Al Kharj, Saudi Arabia – WWTP	419
▪ Ferganska, Uzbekistan – WWTP	370

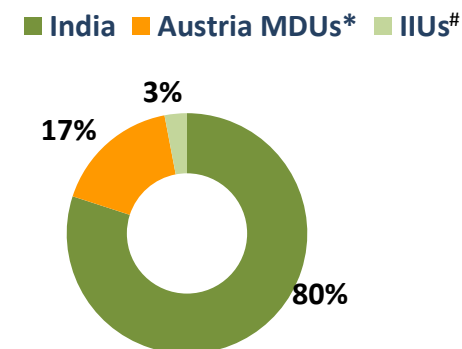
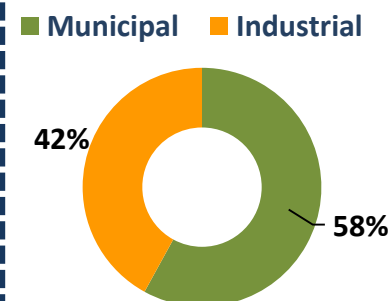
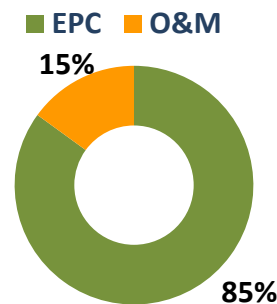
# Order Book Analysis – 9M FY17



# Order Intake Breakup – 9M FY17

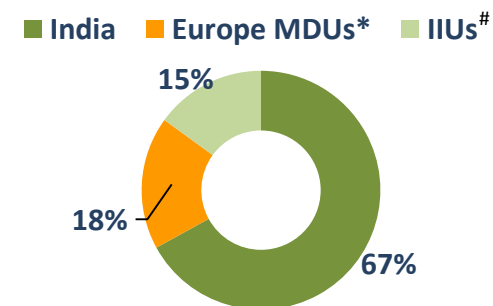
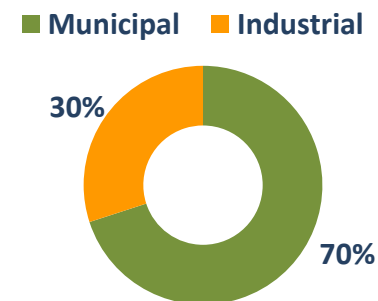
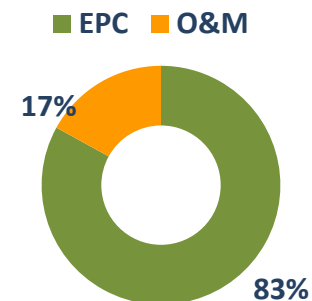
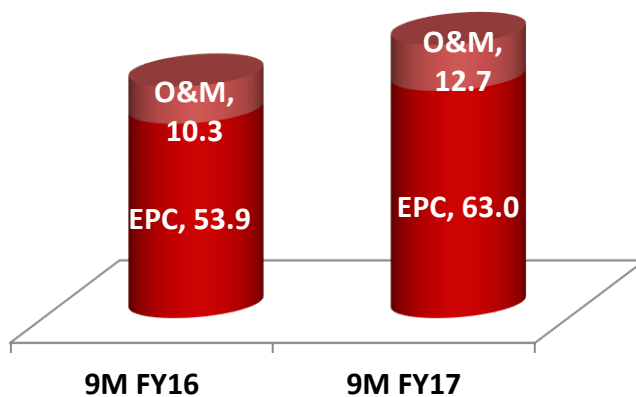
Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	10,520	9,779	1,653	288	22,240
Wabag Overseas	2,565	439	1,087	992	5,083
<b>Total</b>	<b>13,085</b>	<b>10,218</b>	<b>2,740</b>	<b>1,280</b>	<b>27,323</b>

Key Orders Received	Order Value (Rs. Mn)
■ Integrated Water Supply Project - Barmer, Rajasthan	5,953
■ Desal & STP order, Saudi Arabia	5,579
■ Long Phu 1 Power Plant - CPU	510



# Order Book Composition – 9M FY17

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	25,110	14,210	10,975	215	50,510
Wabag Overseas	16,329	7,461	421	1,057	25,268
Framework Contracts					8,659
<b>Total</b>	<b>41,439</b>	<b>21,671</b>	<b>11,396</b>	<b>1,272</b>	<b>84,437</b>



# Order Book of Rs. 76 Bn & Framework Contracts of Rs. 8.7 Bn

## Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
• Petronas RAPID ETP, Malaysia	9,421
• Polgahawela, Sri Lanka – WTP	7,340
▪ Integrated Water Supply Project - Barmer, Rajasthan	5,953
• Koyambedu, Chennai – 45 MLD TTP	5,910
▪ Desal & STP order, Saudi Arabia	5,579
• AMAS, Bahrain – 40 MLD STP	3,321
• APGENCO – BOP with Water Management	2,768
• OWSSB, Orissa – STPs with O&M	1,608
• Guheshwori, Nepal – STP	1,309
▪ Ismailia, Egypt – 180 MLD WTP	1,038

## Key Framework Contracts \*

- Libya STP of Rs. 6,114 mn
- Tobruk, Libya Desal of Rs. 1,181 mn

## Framework Contracts won in FY 16

- Al Saad, Saudi Arabia BWRO of Rs. 1,364 mn

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

## Guidance for FY 17

**Revenue : INR 30 Bn – INR 32 Bn & Order Intake : INR 40 Bn – INR 42 Bn**





**For further information, please contact**

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