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VA TECH WABAG

Q1 FY15 Results Update

August 2014

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India Union Budget - Water Highlights



Increased impetus on Water and Infra Sector

- ✓ **‘Namami Ganga’** project
- ✓ Rs. 3,600 crore for National Rural Drinking Water Programme
- ✓ Rs. 500 crore for reforms in the water sector
- ✓ The Delhi-Mumbai Corridor on Fast Track
- ✓ Government keen to bring in reforms in Power sector
- ✓ Focus on setting up Industrial Corridors
- ✓ Development of SEZs
- ✓ Creation of 100 Smart Cities



100MLD Desalination Plant, Nemmeli, Chennai

Increased focus on Water and Sanitation

Consolidated Financial Highlights



- Revenue of Rs. 4,010mn, growth of 40%
- Net Profit of Rs. 102mn, growth of 259%
- Total Order Book of Rs. 63.5 bn including Framework Contracts of Rs. 13.3 bn



Batna Waste Water Treatment Plant, Algeria

Quarterly Performance



RESULTS OVERVIEW – Consolidated Profit and Loss

INR Millions	Q1 FY15	Q1FY 14	YoY %	Q4 FY14	FY14
Income	3,980	2,856	39.4%	8,966	22,302
Other Operating Income	30	5		10	85
Cost of Sales	2,909	1,915		7,044	16,979
Total Cost of Operations (TCO)	896	749		860	3,317
EBITDA	205	198	3.6%	1,073	2,090
EBITDA margin	5.2%	6.9%		12.0%	9.4%
Net (Gain) / Loss on Forex	-43	72		42	205
Interest & Finance Charges (Net)	58	15		51	124
Depreciation & Amortization	33	33		35	150
Exceptional Items	-	-		51	51
Tax	48	48		277	526
Profit After Tax	102	28	259.4%	714	1,134
PAT margin	2.6%	1.0%		8.0%	5.1%

- The Total Cost of Operations in the International Business is under control and this will enable the improvements in the Margin.
- Interest and Finance charges have increased – servicing of new orders received during FY 14 and cost on long term borrowings for the BOOT project in Namibia apart from cost incurred for Oman Desal project (lower Q1 cost in PY for Oman project)

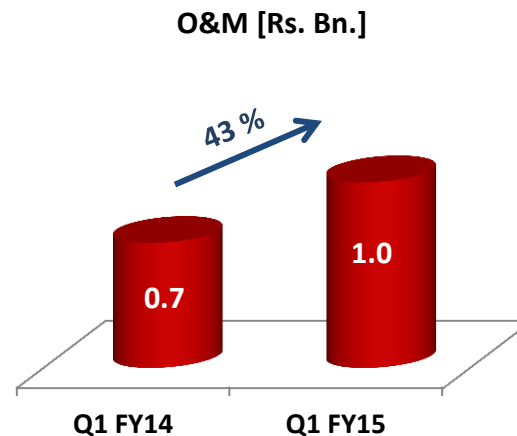
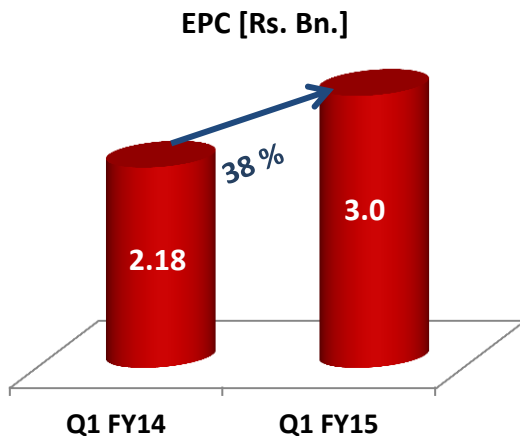
RESULTS OVERVIEW – Standalone Profit and Loss

INR Millions	Q1 FY 15	Q1 FY 14	YoY %	Q4 FY14	FY14
Income	1,251	1,157	8.2%	5,185	11,400
Other Operating Income	44	0		70	123
Cost of Sales	758	711		4,068	8,686
Total Cost of Operations (TCO)	422	291		390	1,313
EBITDA	115	155	-25.9%	797	1,523
EBITDA margin	9.2%	13.4%		15.4%	13.4%
Net (Gain) / Loss on Forex	-10	57		21	112
Interest & Finance Charges (Net)	11	-9		18	7
Depreciation & Amortization	-24	17		27	81
Tax	46	30		241	437
Profit After Tax	92	61	51.6%	491	886
PAT margin	7.3%	5.2%		9.5%	7.8%

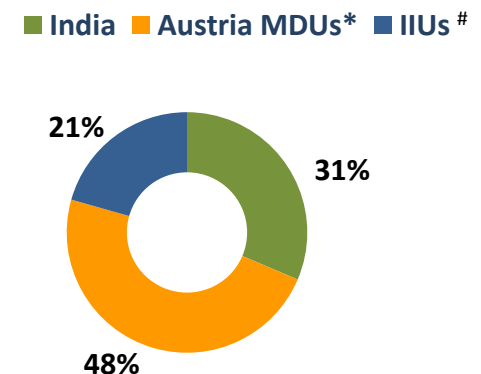
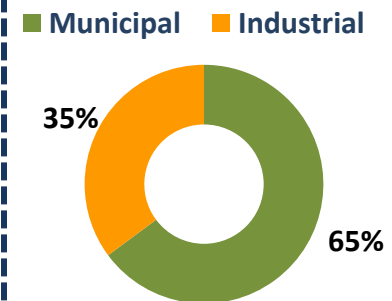
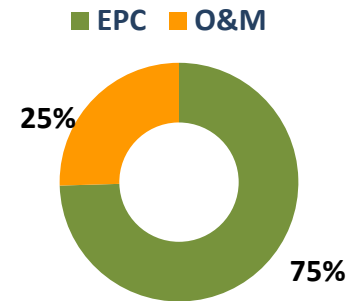
- The operating margin is lower in Q1 because of the mix of the projects contributing to Revenue during the Quarter.
- Increase in TCO due to increase in Personnel Cost (increment to staff + addl. Manpower) and increase in other costs (addl. Provision on receivable as per company policy)
- Manpower in India support business development, engineering and execution in overseas location, whose revenue is partly in consolidation & partly in standalone.
- Depreciation for the current quarter includes a reversal of Rs.597 lakhs (in the standalone results), because of change in accounting policy of Depreciation from 'Written Down Value' method to 'Straight Line' method effective April 1, 2014. The Company has also revised the useful life of fixed assets based on Schedule II to the Companies Act, 2013. Consequently, the depreciation for the quarter ended June 30, 2014 is higher to the extent of Rs.139 lakhs.

Revenue Breakup – Q1 FY15

INR Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	416	382	350	103	1,251
Wabag Overseas	1,425	744	390	170	2,729
Total	1,841	1,126	740	273	3,980



O&M revenue targeted to increase from CY 20% level to 25% over a period of 3-4 years



Key Projects contributing to Revenue – Q1 FY 15

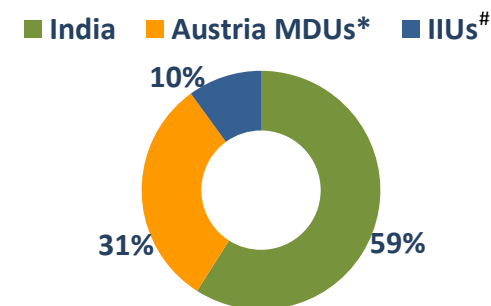
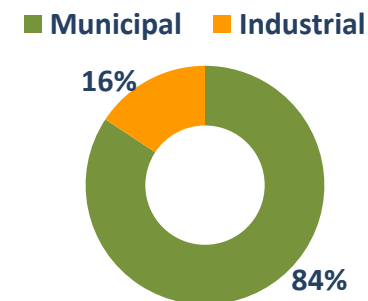
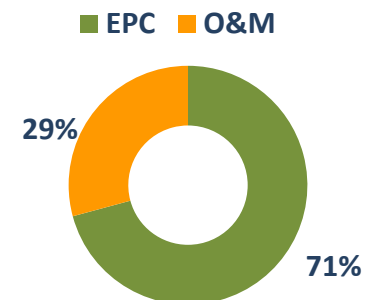
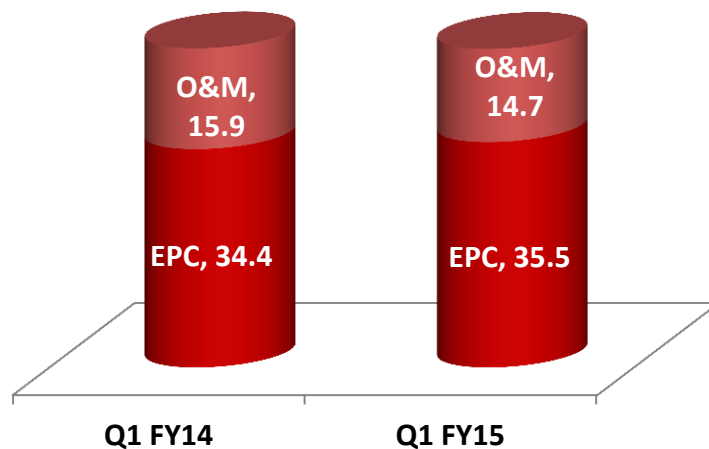
Project Details	Revenue recognized [INR Mn]
▪ Al Ghubrah 191MLD SWRO , Oman	589
▪ Ujams ETP, Namibia	215
▪ Adana O&M, Turkey	211
▪ Madinah STP, Egypt	176
▪ Nemmeli 100 MLD Desal – O&M, Chennai	175
▪ Melamchi, 85 MLD WTP, Nepal	167
▪ Demi & ECL, Libya	163
▪ Aiud & Ocna Mures WWTP, Romania	139
▪ BIDCO PWS	111
▪ Izmir 360MLD WTP, Turkey	99

Order Book Analysis – Q1 FY15



Order Book Composition – Q1 FY15

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	10,950	5,180	12,642	664	29,436
Wabag Overseas	17,759	1,657	965	386	20,767
Framework Contracts					13,308
Total	28,709	6,837	13,607	1,050	63,511



Order Book of Rs. 50.2 Bn & Framework Contracts of Rs. 13.3 Bn

Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
▪ Nemmeli, Chennai - 100 MLD Desalination O&M	4,684
▪ Ulhasnagar, Mumbai - 195 MLD WTP with O&M	3,300
▪ OWSSB, Orissa - 100 MLD STP	2,755
▪ DAWASA, Tanzania – 130 MLD WTP	2,377
▪ Al Ghubrah, Oman - 191MLD SWRO	1,465
▪ BWSSB, Belandur - 90 MLD WWTP	2,248
▪ Melamchi, Nepal – 85 MLD WTP	1,518
▪ Izmir, Turkey – 360 MLD WTP	1,072
▪ Ilugin, Phillipines–100 MLD STP	1,254
▪ Madinaty, Egypt – 40 MLD WWTP	1,080

Key Framework Contracts *

- Libya STP of Rs. 7,403 mn
- Tobruk, Libya Desal of Rs. 1,430 mn

Framework Contracts won in Q1

- Istanbul O&M of Rs. 3,638 mn
- Ferganska Refinery, ETP of Rs. 837 mn

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

Guidance for FY 15

Revenue : INR 26.0 Bn – INR 27.0 Bn & Order Intake : INR 32.0 Bn – INR 34.0 Bn



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