



# VA TECH WABAG

H1 FY14 Results Update

November 2013



# Safe Harbour

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# H1 FY14 Earnings Highlights

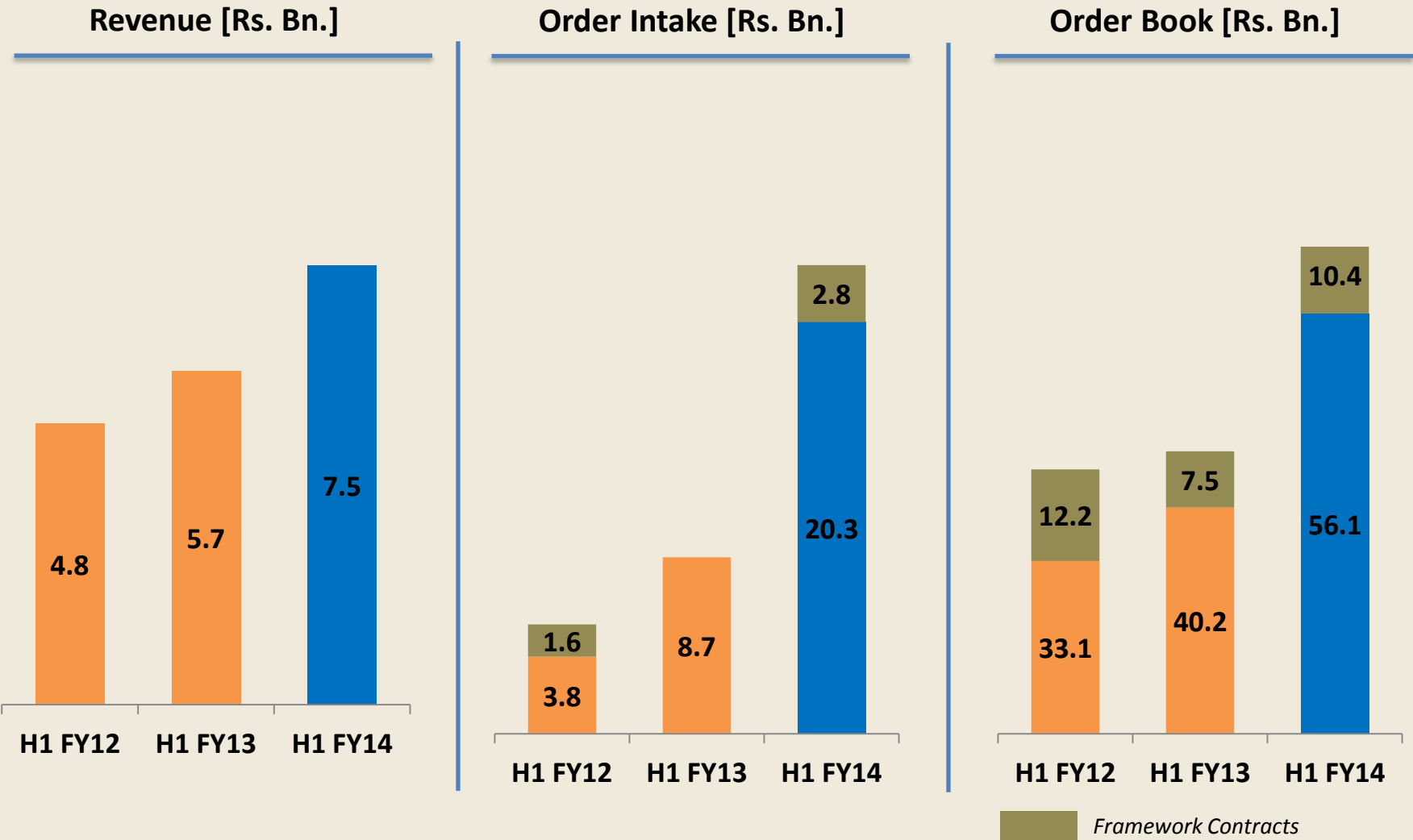
- Revenue of Rs. 7.5 Bn, growth of 31% YoY
- EBITDA of Rs. 574 Mn, growth of 43% YoY
- Order Intake of Rs. 20.3 Bn
- Total Order Book of Rs. 66.1 Bn including Framework Contracts of Rs. 10.4 Bn



**Effluent Recycling Plant, Serbia**

**A Unique Global Water Player ...**

# Growth in Revenue & Order Intake



# RESULTS OVERVIEW – Consolidated Profit and Loss

Rs. Millions	Q2 FY 14	Q2 FY 13	YoY %	H1 FY14	H1 FY13	YoY%
Income	4,646	3,469	<b>34%</b>	7,501	5,719	<b>31%</b>
Other Operating Income	10	14		15	51	
Cost of Sales	3,498	2,483		5,413	4,002	
Total Cost of Operations(TCO)	781	656		1,530	1,367	
EBITDA	376	344	<b>9%</b>	574	401	<b>43%</b>
<b>EBITDA margin</b>	<b>8%</b>	<b>10%</b>		<b>8%</b>	<b>7%</b>	
Net (Gain) / Loss on Forex	58	23		130	-23	
Interest & Finance Charges (Net)	11	27		26	48	
Depreciation & Amortization	38	26		71	50	
Tax	99	95		147	129	
Profit After Tax	174	177	<b>(2%)</b>	203	199	<b>2%</b>
<b>PAT margin</b>	<b>4%</b>	<b>5%</b>		<b>3%</b>	<b>3%</b>	

- EBITDA as % has grown from 7% to 8 % in CY excluding Forex impact.
- Forex impact largely on account of reinstatement of packing credit in forex on Indian export jobs.
- Packing Credit has natural hedge and is against future export receivables on export projects. This has significantly lowered the interest cost in CY.

# RESULTS OVERVIEW – Standalone Profit and Loss

Rs. Millions	Q2 FY 14	Q2 FY 13	YoY %	H1 FY14	H1 FY13	YoY%
Income	2,167	2,179	<b>(1%)</b>	3,324	3,166	<b>5%</b>
Other Operating Income	32	0		32	6	
Cost of Sales	1,612	1,657		2,323	2,398	
Total Cost of Operations(TCO)	291	250		581	474	
EBITDA	296	272	<b>9%</b>	452	300	<b>50%</b>
<b>EBITDA margin</b>	<b>14%</b>	<b>12%</b>		<b>14%</b>	<b>9%</b>	
Net (Gain) / Loss on Forex	31	-1		88	-55	
Interest & Finance Charges (Net)	-8	-1		-16	-1	
Depreciation & Amortization	18	15		35	29	
Tax	85	83		115	105	
Profit After Tax	170	176	<b>(3%)</b>	231	222	<b>4%</b>
<b>PAT margin</b>	<b>8%</b>	<b>8%</b>		<b>7%</b>	<b>7%</b>	

- It is important to note that significant part of Standalone capacity is used for different geographies in Africa, part of Europe and Middle East on Overseas projects as a matter of strategy to optimize utilization of manpower apart from leveraging larger presence in lower cost economy.
- It will therefore be more meaningful to understand Wabag on a consolidated basis considering the statutory requirements of publication of standalone results.

# RESULTS OVERVIEW – Balance Sheet

Rs. Millions	Sep'13	Mar '13	Sep'13	Mar '13
	Consolidated		Standalone	
Net Worth	7,772	7,154	5,605	5,366
Minority Interest	22	19	-	-
Non-Current Liabilities	1,731	1,146	1,124	853
Trade Payables	6,927	6,890	4,371	5,336
Other Current Liabilities *	4,911	3,697	2,229	1,975
<b>Total Liabilities</b>	<b>21,363</b>	<b>18,906</b>	<b>13,329</b>	<b>13,530</b>
Fixed Assets	1,212	988	804	713
Other Non-Current Assets **	1,754	1,517	1,865	1,599
Trade Receivables	12,525	11,095	7,340	7,823
Cash & Bank Balances	2,109	2,867	938	1,714
Other Current Assets	3,763	2,439	2,382	1,681
<b>Total Assets</b>	<b>21,363</b>	<b>18,906</b>	<b>13,329</b>	<b>13,530</b>

- Receivable as a % of Sales had reduced as compared to prior period.
- The Receivables is higher than the corresponding prior period partly because of increase in Sales by 31% and partly due to significant forex translation impact in Consolidation.
- Receivables in India has come down – though there is liquidity stress in the Indian market, Company expects that its focused approach will result in better receivable position in next two quarters.

# RESULTS OVERVIEW – Working Capital Highlights

Rs. Millions	Sep'13	Mar '13
Total Current Assets (A)	18,398	16,401
Total Current Liabilities (B)	11,838	10,586
Net Working Capital (NWC) (A-B)	6,560	5,815
Net Working Capital without Cash	4,451	2,948
Net Working Capital without Cash (No. of Days)	83	67

Rs. Millions	Sep'13	Mar'13
Cash & Bank Balance	2,109	2,867
Fixed Deposits	966	958
Gross Cash Balance	3,075	3,825
Borrowings	1,445	796
Net Cash	1,630	3,029

- As a matter of Strategy, Company decided to use the advantage of its good cash position to execute Projects on hand faster not withstanding the liquidity stress in the market.
- This saves the company from levy of Liquidated Damages and avoid Cost Escalations.
- Also, this increases the capacity to execute the fresh orders booked and ensures optimum utilization of the manpower capacity.



# Revenue breakup – H1 FY14

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	993	1,804	275	252	3,324
Wabag Overseas	1,958	1,238	615	366	4,177
<b>Total</b>	<b>2,951</b>	<b>3,042</b>	<b>890</b>	<b>618</b>	<b>7,501</b>

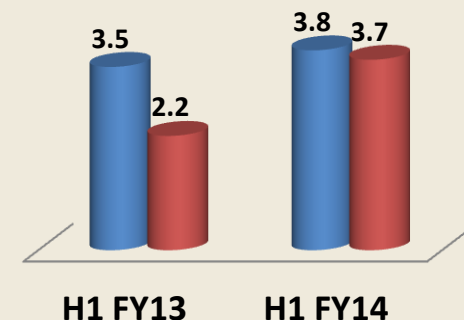
## Key Projects contributing to Revenue

Revenue recognized  
[Rs Mn]

Desalination Project, Al Gubrah, Oman	945
Reliance ETP Project	402
BWSSB WWTP, Bangalore	341
Punj Lloyd Desalination Plant, Qatar	318
PBZ O&M, Romania	308
Dambulla WTP, Sri Lanka	306
Teheran O&M, Iran	279
Siverek WWTP, Turkey	221

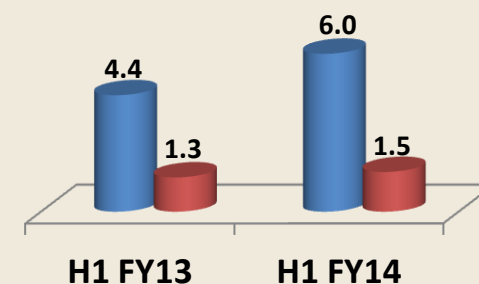
## Municipal vs Industrial [Rs Bn]

■ Municipal ■ Industrial



## EPC vs O&M [Rs Bn]

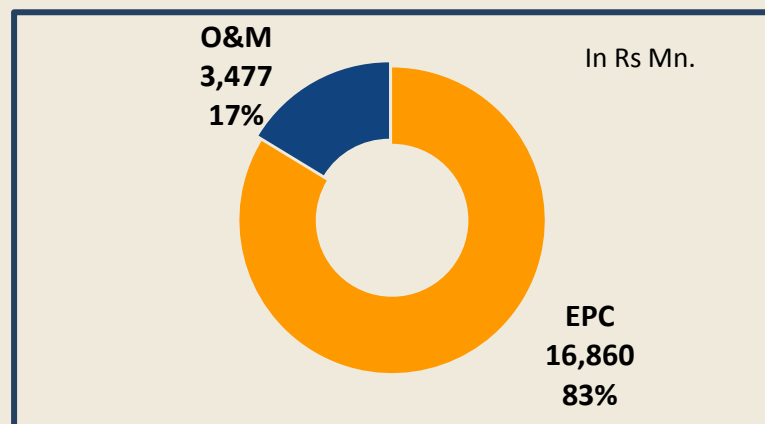
■ EPC ■ O&M



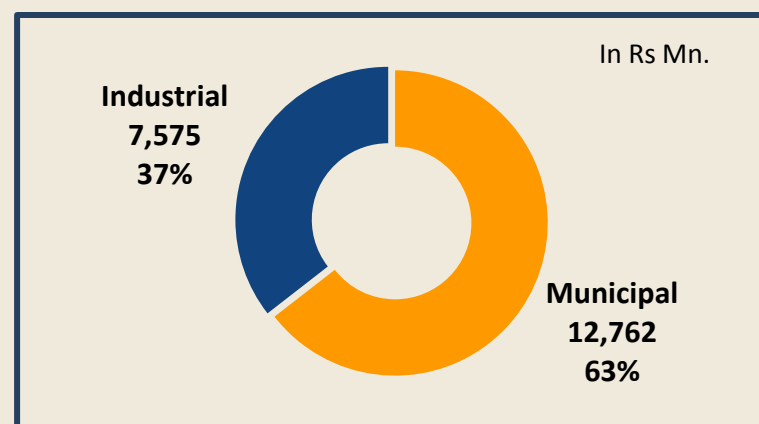
# Order Intake – H1 FY14

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	8,248	2,425	1,666	247	12,586
Wabag Overseas	1,850	4,337	998	566	7,751
<b>Total</b>	<b>10,098</b>	<b>6,762</b>	<b>2,664</b>	<b>813</b>	<b>20,337</b>
Framework Contracts					2,720
<b>Total including framework</b>					<b>23,057</b>

**EPC vs O&M**



**Municipal vs Industrial**



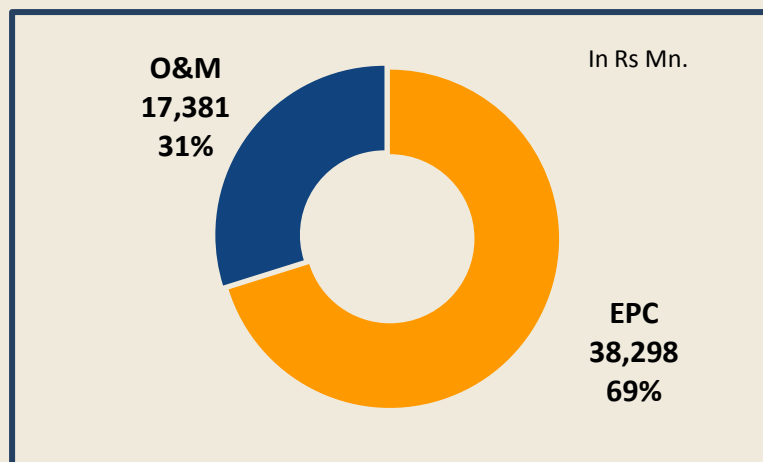
# Key Orders received – H1 FY14

Project	Particulars	Amount [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	2,433
▪ Ilugin, Manila Water Company, Philippines	▪ 100 MLD Ilugin sewage treatment plant	1,480
▪ Madinaty,, Egypt	▪ Waste Water Treatment Plant	1,320
▪ WTP, Aurangabad	▪ 192 MLD WTP for Aurangabad Municipal Corporation	1,350
▪ Reliance Industries	▪ Industrial Waste Water Treatment Plant	1,170
▪ Chennai Metropolitan Water Supply & Sewage Board	▪ Pumping station & pipeline works for water supply & sewerage scheme	1,148
▪ Petrobazi, Romania	▪ O&M of Refinery Effluent Treatment Plant	537
▪ Jindal steel & Power Ltd	▪ Waster Water Treatment plant	309

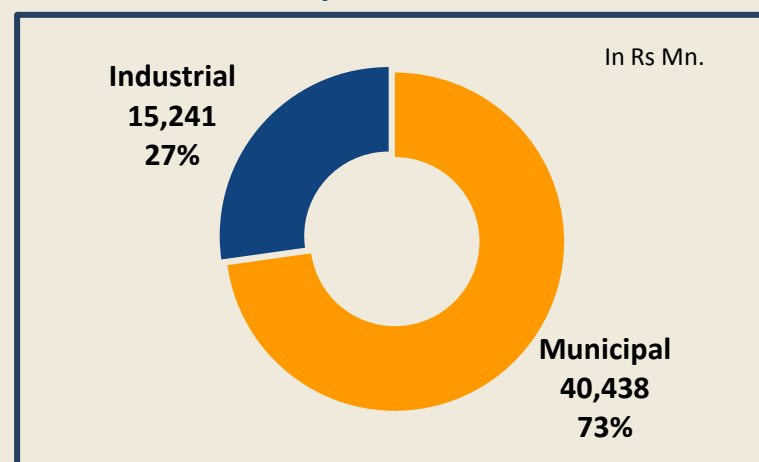
# Current Order Book

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	14,292	6,248	12,381	1,366	34,287
Wabag Overseas	10,888	6,870	2,877	757	21,392
<b>Total</b>	<b>25,180</b>	<b>13,118</b>	<b>15,258</b>	<b>2,123</b>	<b>55,679</b>
Framework Contracts					10,373
<b>Total With Framework</b>					<b>66,052</b>

EPC vs O&M



Municipal vs Industrial



# Order Book of Rs. 56 Bn & Framework Contracts of Rs. 10 Bn

## Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
▪ Nemmeli Desalination Project, Chennai	5,000
▪ 191MLD SWRO–Al Ghubrah, Oman	3,390
▪ 195 MLD WTP for Ulhasnagar Municipal Corporation with O&M for 30 years	3,310
▪ OWSSB, Sewage treatment plant of 100 MLD	3,250
▪ Nepal, 85 MLD Water treatment plant	2,433
▪ Water Treatment Plant, Sri Lanka	1,637
▪ BWSSB WWTP, Bangalore	1,617
▪ Ilugin, Manila Water Company, Phillipines	1,480
▪ DJB, Papankalan	1,366

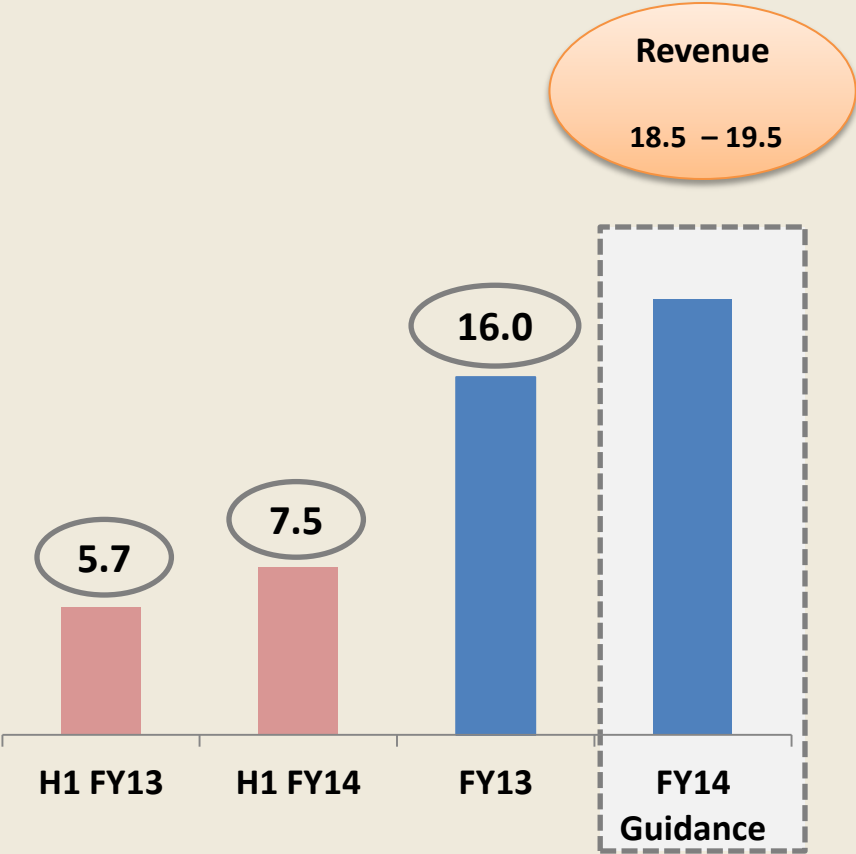
## Key Framework Contracts \*

- Libya Order of Rs. 7.65 bn
- Libya , Water treatment plant of Rs. 1.1 bn
- Swiss Reinach of Rs. 50 mn
- WTP, Suez of Rs. 490 mn
- Vidin, WWTP of Rs. 410 mn
- Bijeljina, WWTP of Rs. 280 mn
- Vuippens, WWTP of Rs. 310 mn

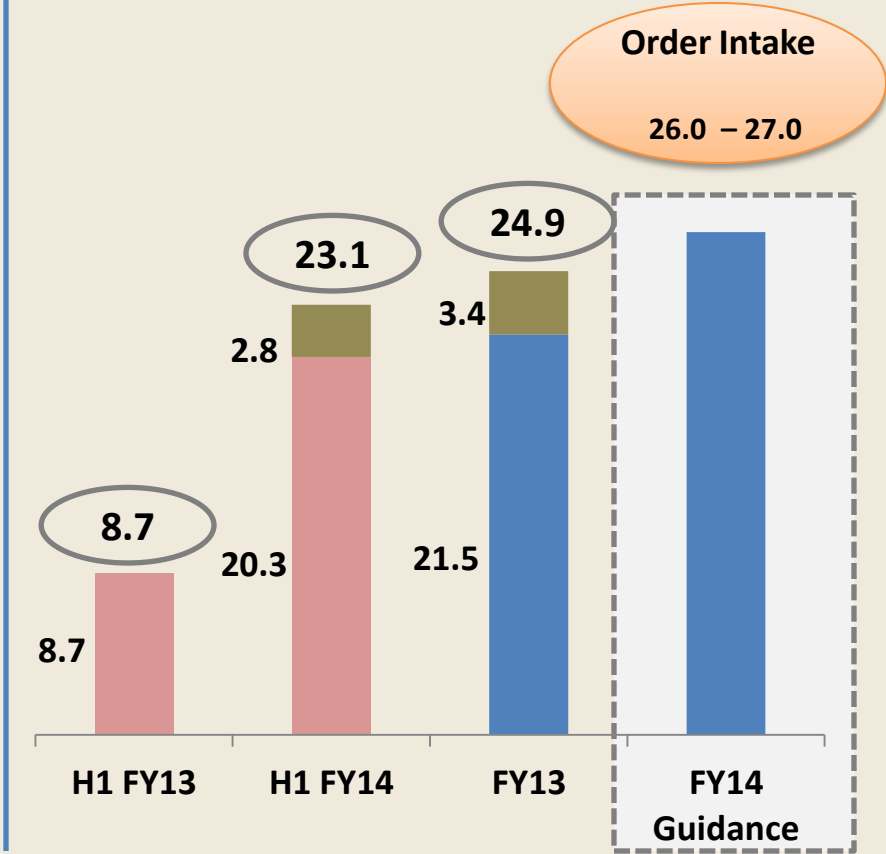
*\* Contracts wherein Advance Monies/ LC awaited, hence not taken in Order Book*

# Guidance for FY 2014

Revenue [Rs. Bn.]



Order Intake [Rs. Bn.]





**For further information, please contact**

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