



VA TECH WABAG

Investor Presentation

November 2013



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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. 56 bn as of September 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

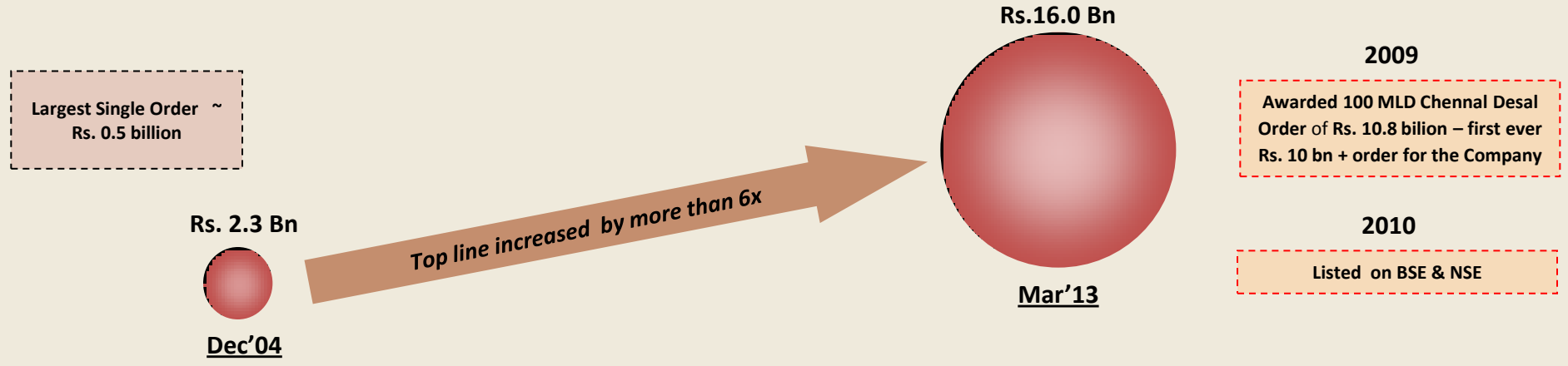
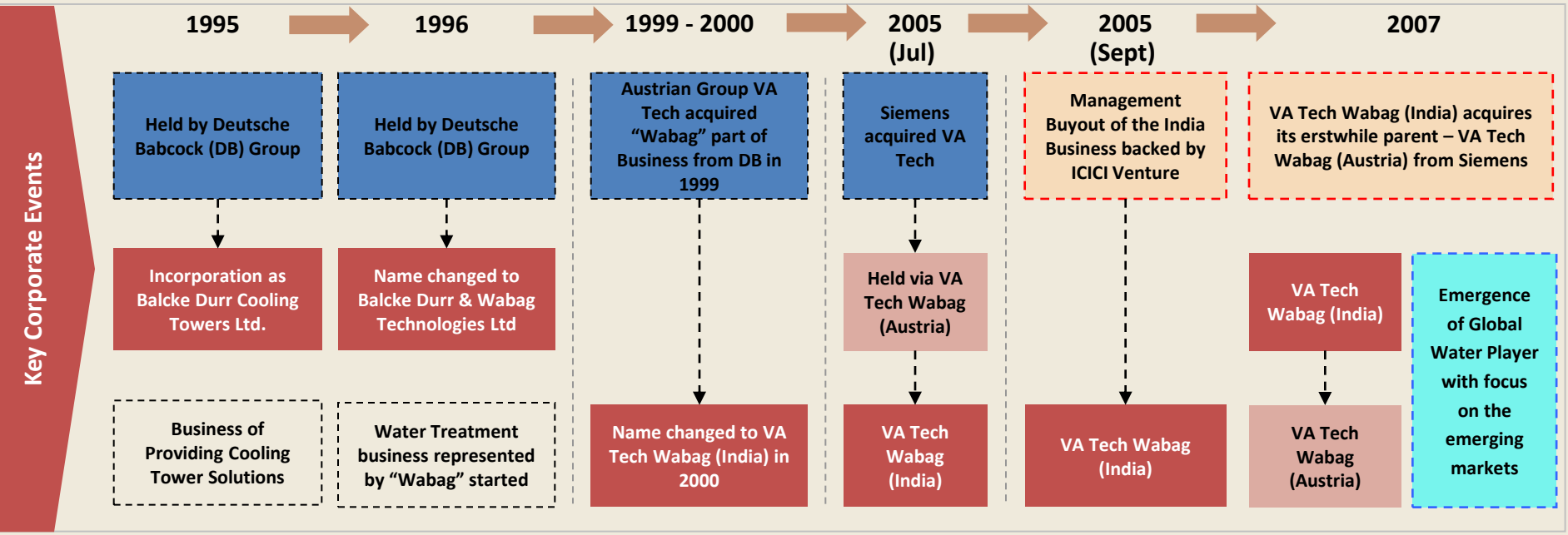
- 34 years of work experience; worked previously with Sulzer Brothers as Head of water sales.
- Responsible for project execution and research and development.



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

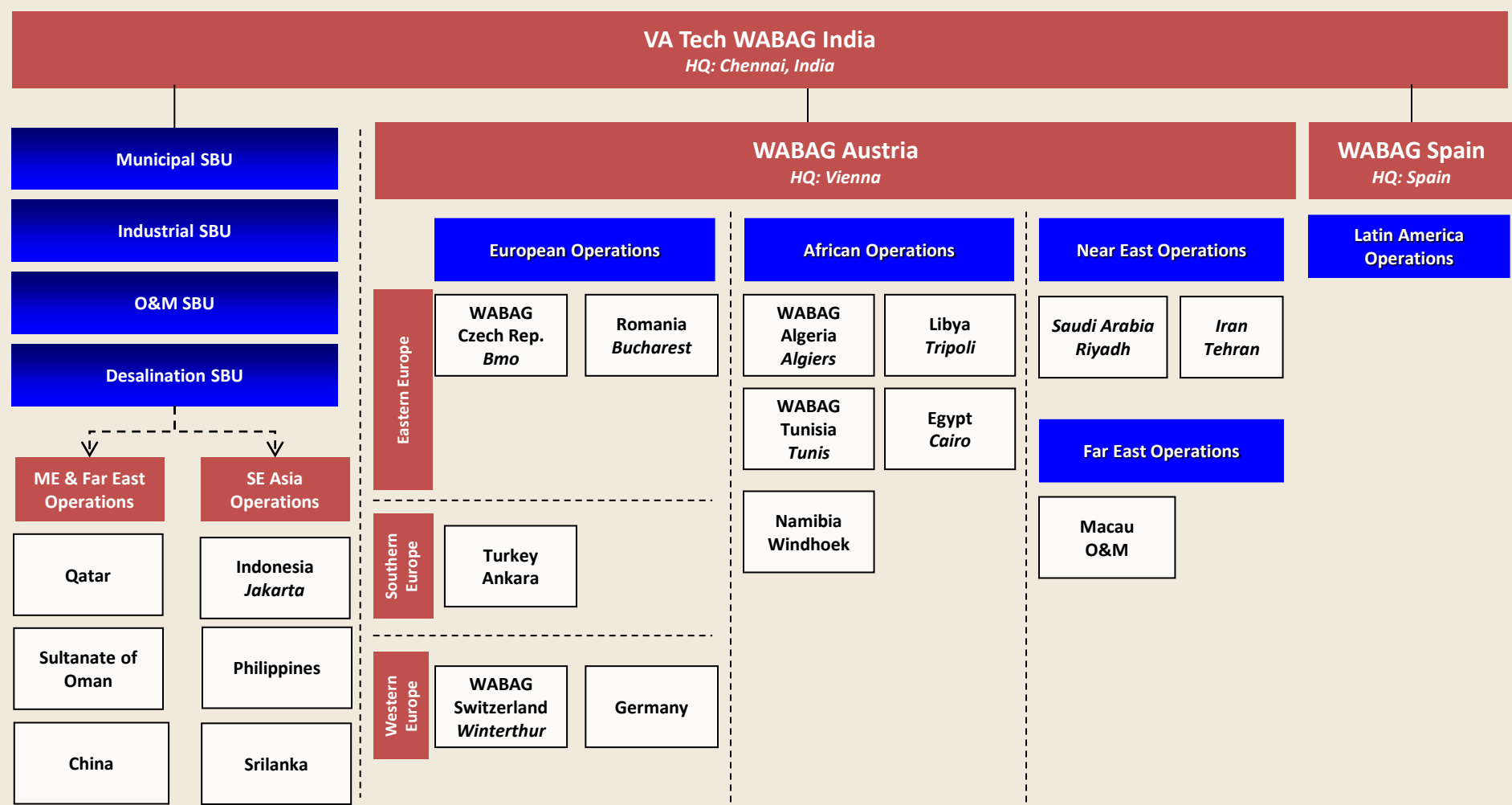


OUR BUSINESS



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

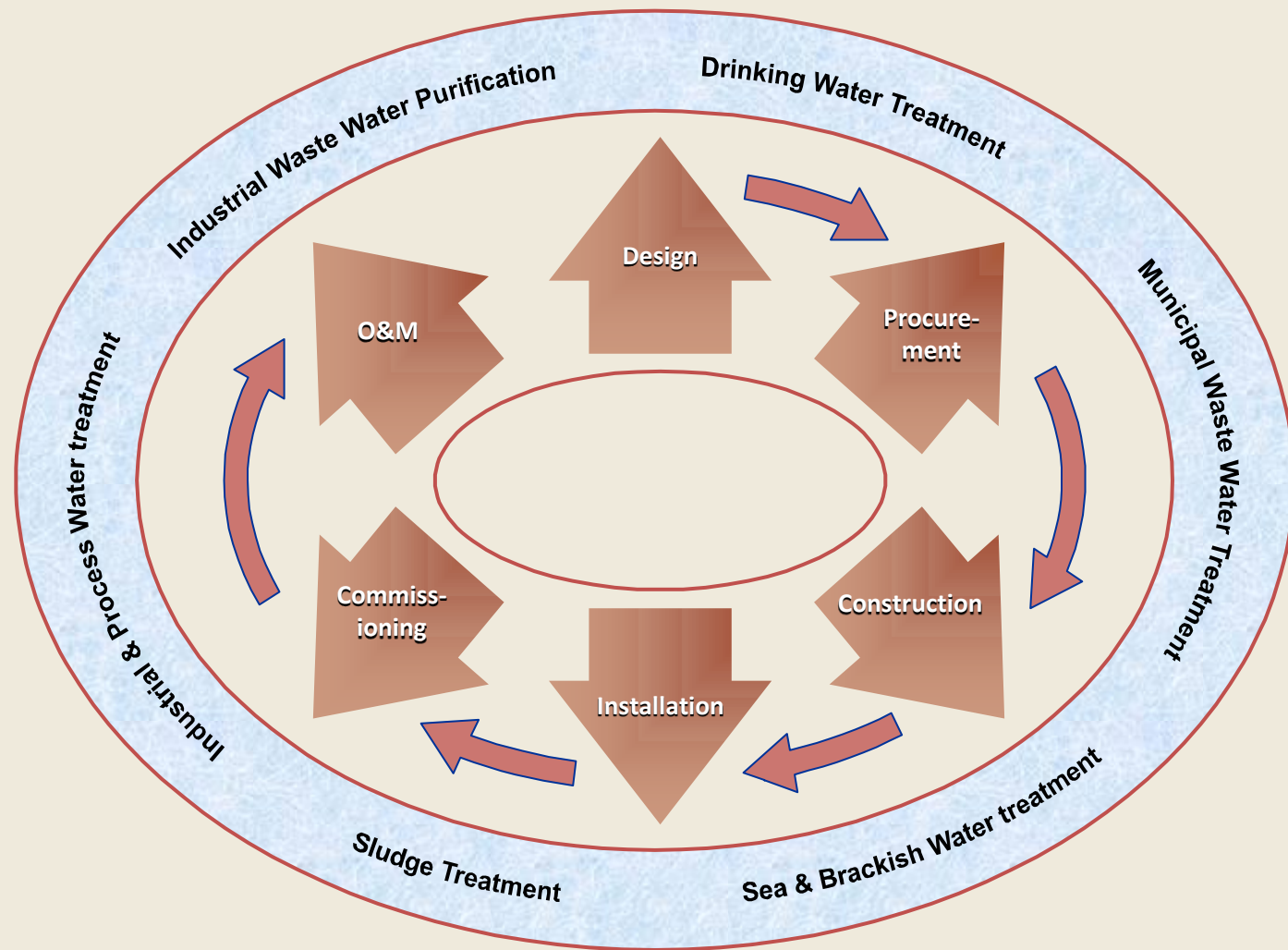
- Multi Stage Flash
- Multi-effect Distillation
- Thermal Vapor Compression
- Mechanical Vapor Compression
- Reverse Osmosis and Electro dialysis

Recycling

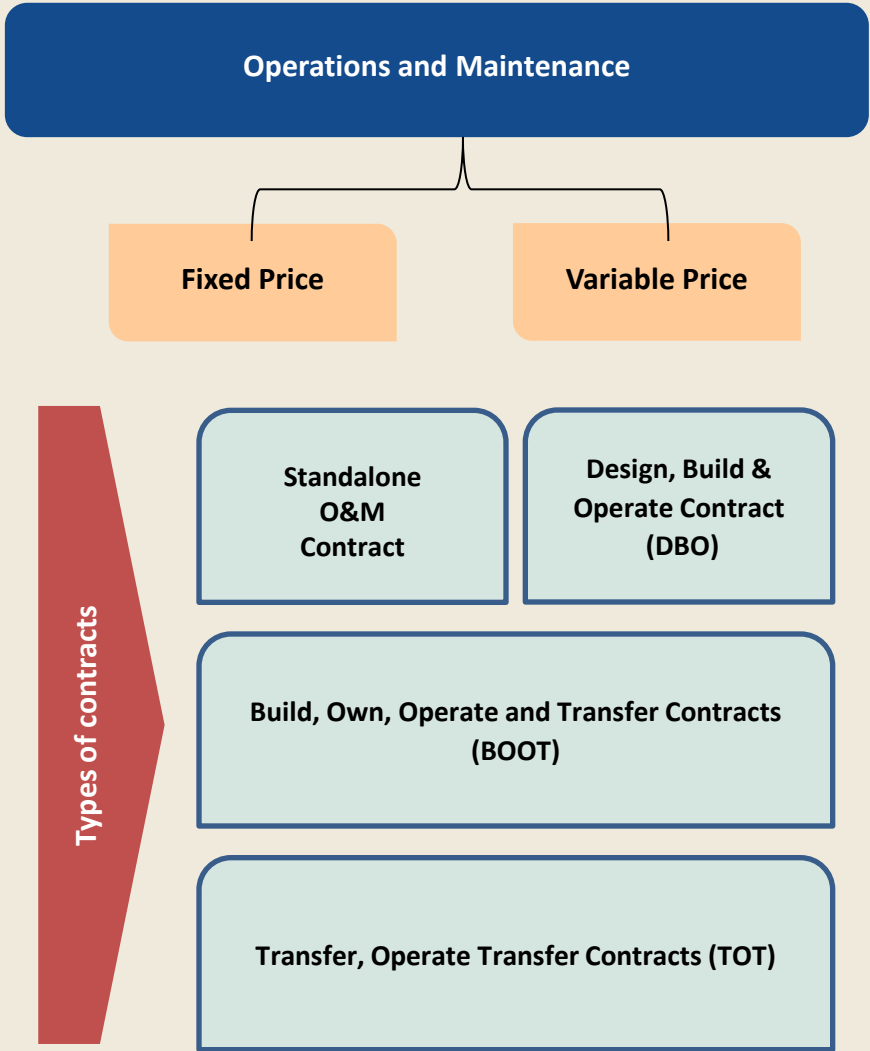
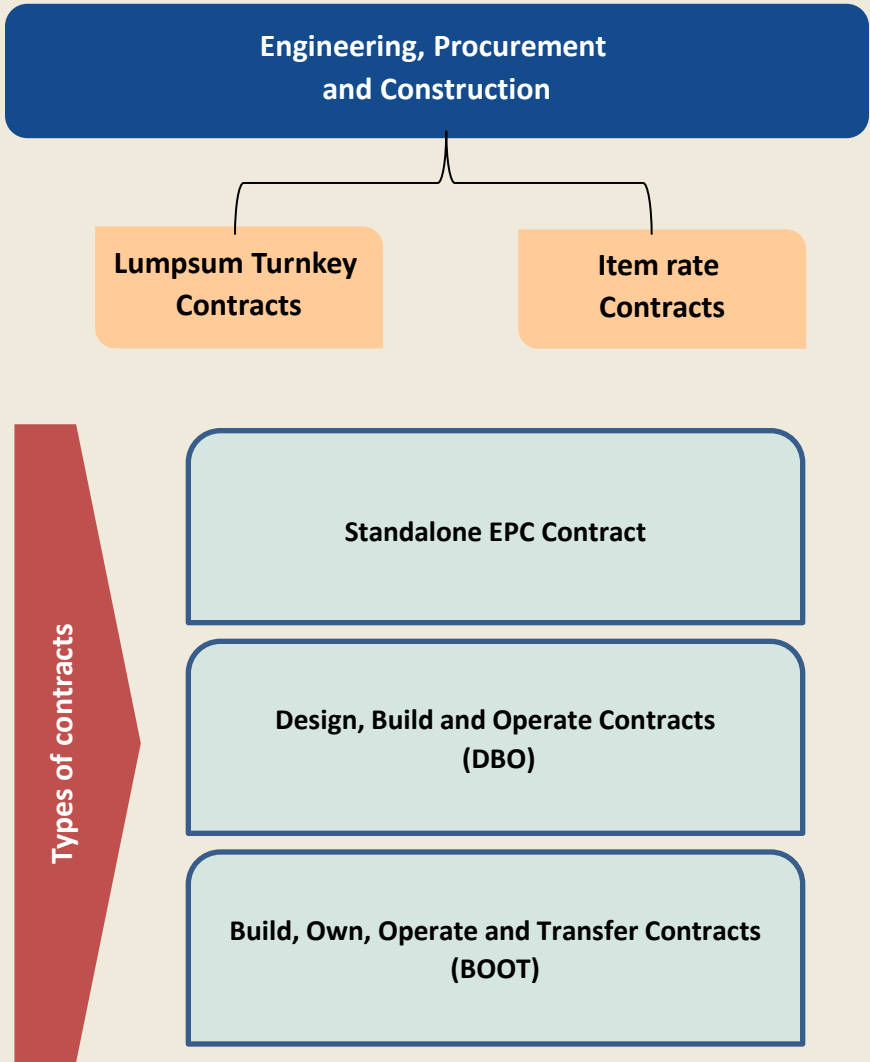
- Micro filtration
- Membrane Bio Reactors

across project lifecycle...

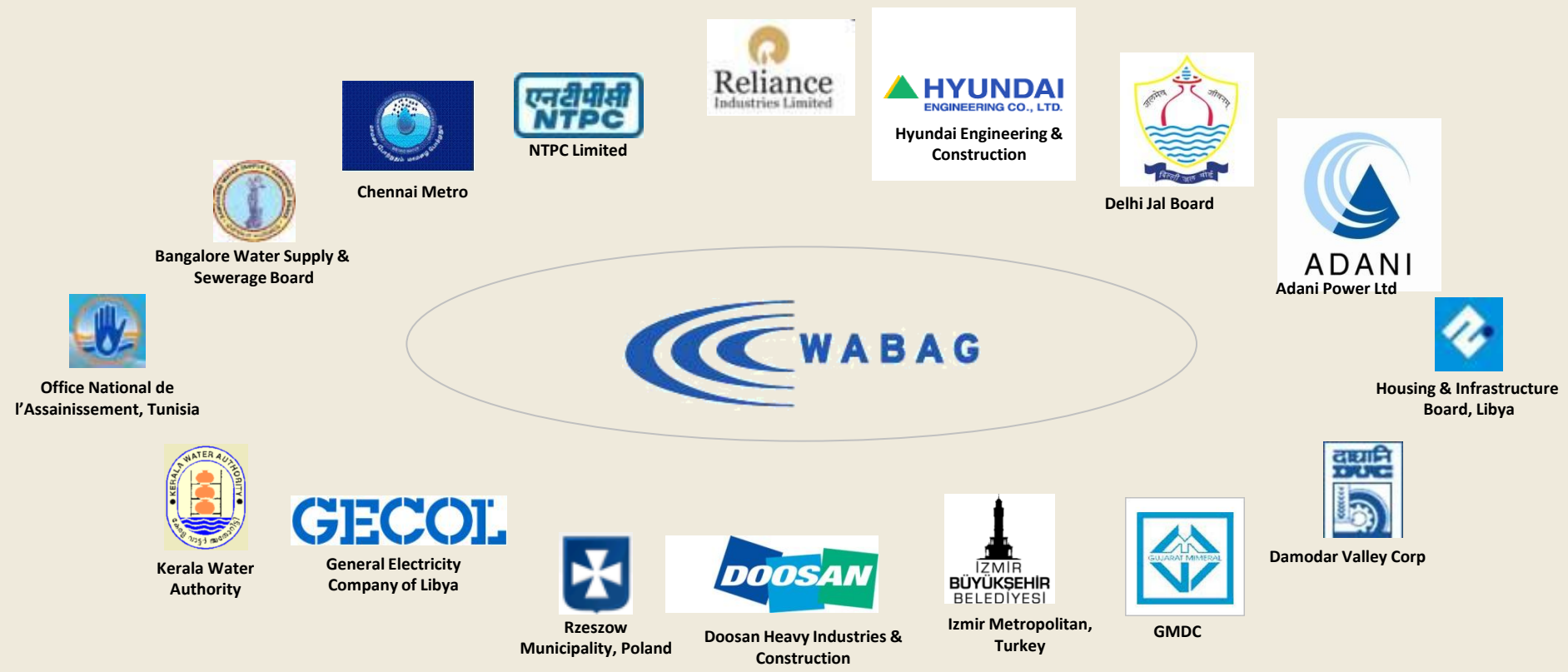
- Focused solely on water
- Primarily catering to Municipal, & also to Industrial customers
- Offerings span across segments of water treatment
- Range of services from concept / design stage to implementation to running the operations



...through various business / delivery models



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
- Currently, operating close to 60 O&M plants in India

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

Design & Engineering

Technology

Civil Construction (Outsourced)

Operation & Maintenance

- Critical for cost optimization
- Approvals to match customer requirements

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

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

- 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



**Chirita, Water Treatment Plant,
Romania**

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	34%	7,501	5,719	31%
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	9%	574	401	43%
EBITDA margin	8%	10%		8%	7%	
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	(2%)	203	199	2%
PAT margin	4%	5%		3%	3%	

- EBIDTA 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	(1%)	3,324	3,166	5%
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	9%	452	300	50%
EBITDA margin	14%	12%		14%	9%	
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	(3%)	231	222	4%
PAT margin	8%	8%		7%	7%	

- It is important to note that a 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
Total Liabilities	21,363	18,906	13,329	13,530
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
Total Assets	21,363	18,906	13,329	13,530

- Receivable as a % of Sales have 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 reduced—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.

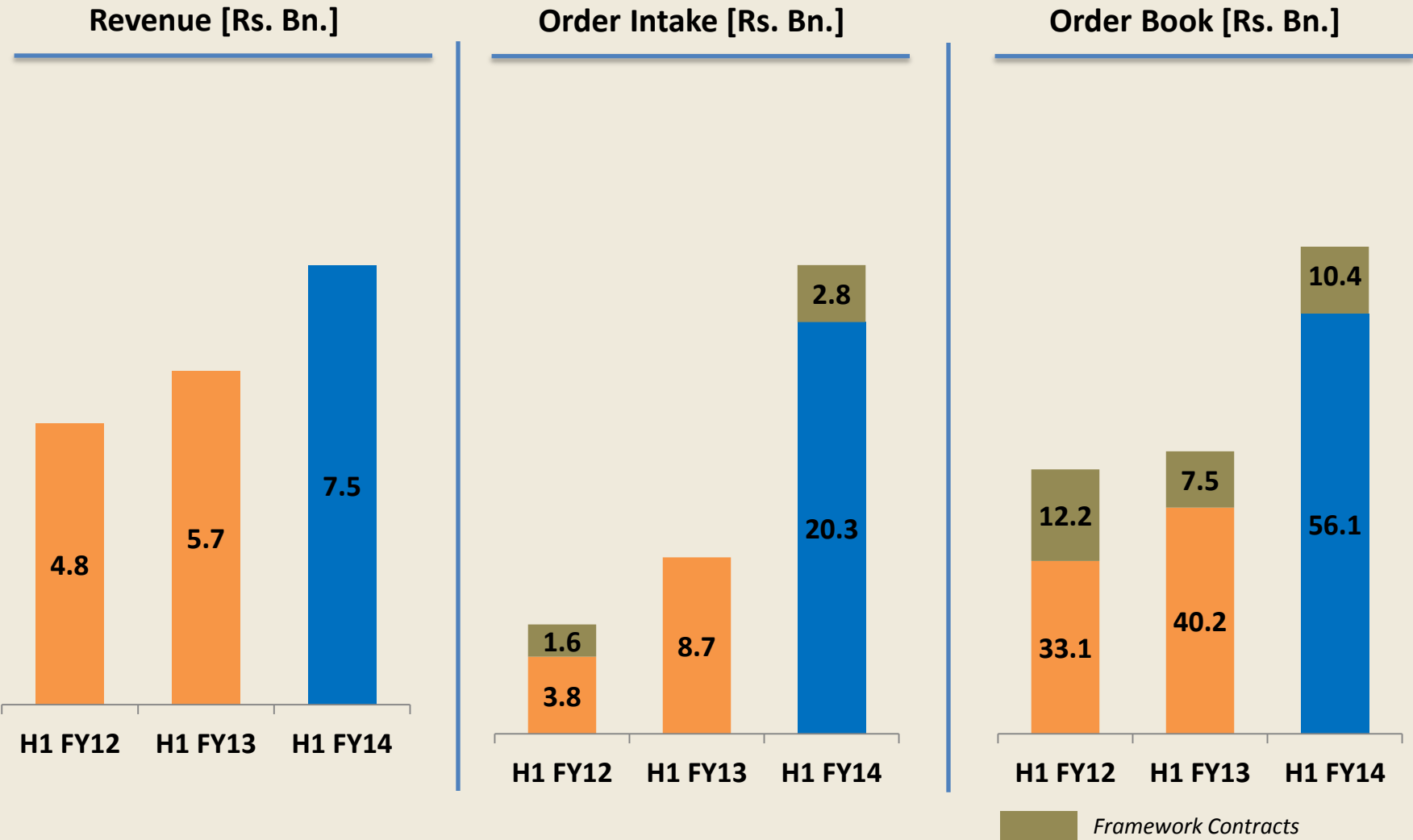
RESULTS OVERVIEW – Working Capital Highlights

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

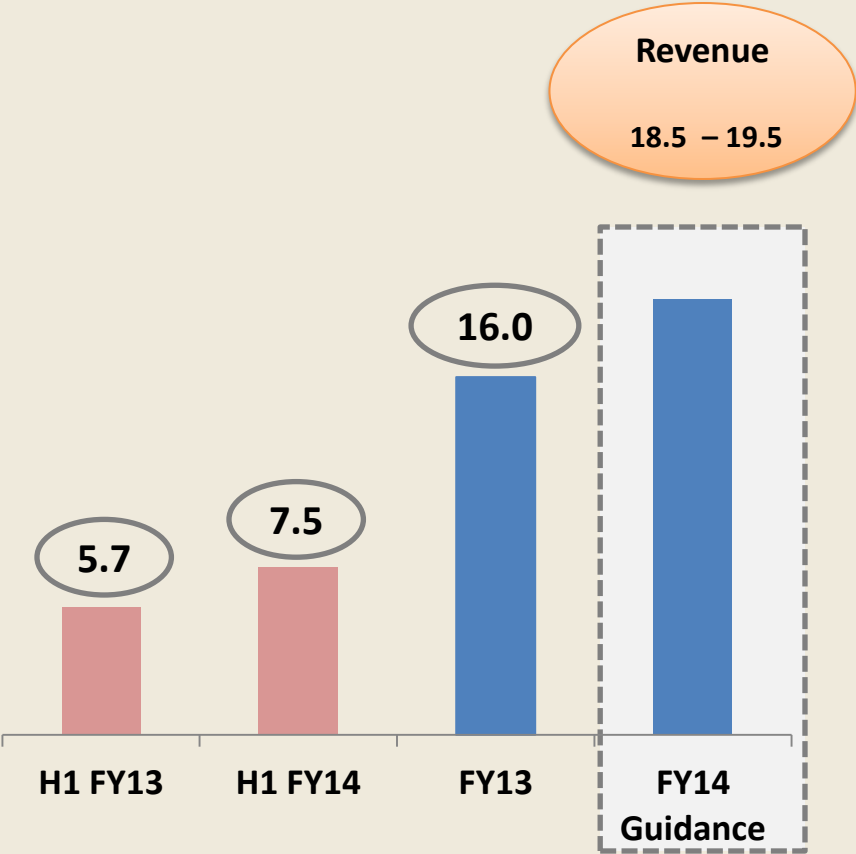
- As a matter of Strategy, Company decided to use the advantage of its good cash position to execute Projects on hand faster not withstanding the liquidity stress in the market.
- This saves the company from levy of Liquidated Damages and avoid Cost Escalations.
- Also, this increases the capacity to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

Growth in Revenue & Order Intake

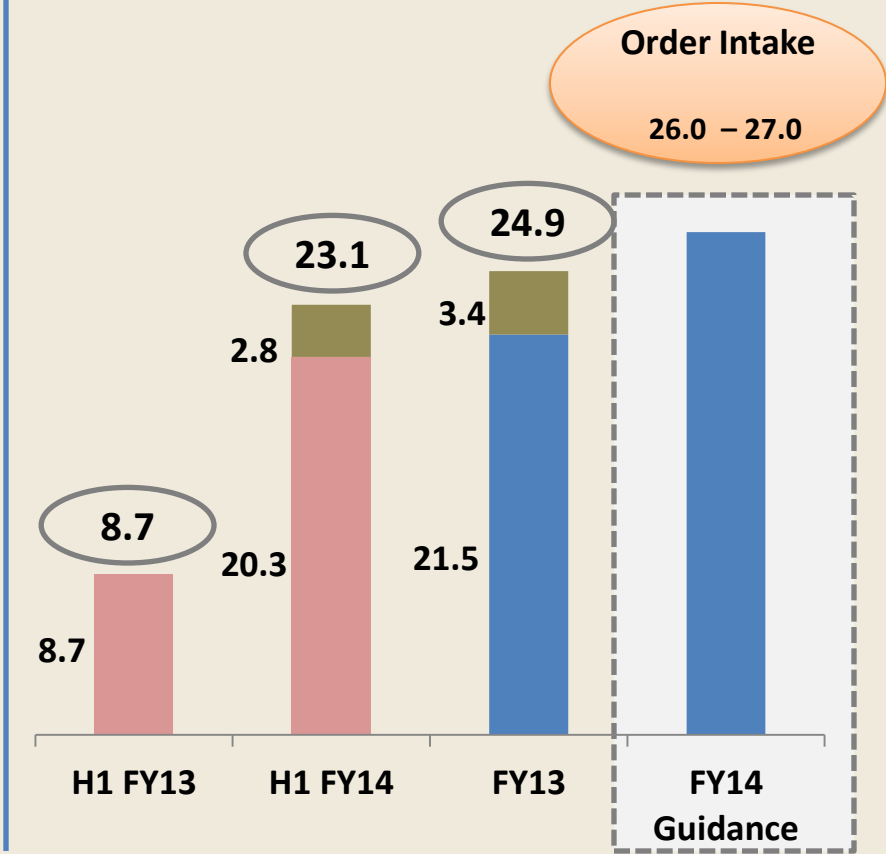


Guidance for FY 2014

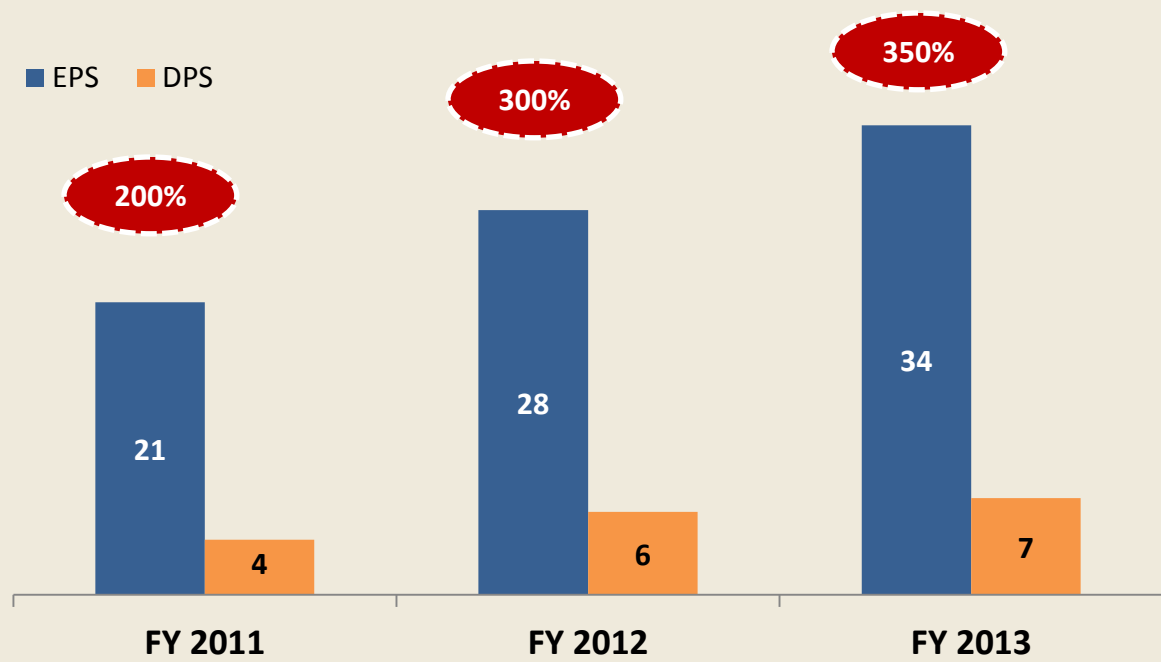
Revenue [Rs. Bn.]



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 – 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
Total	2,951	3,042	890	618	7,501

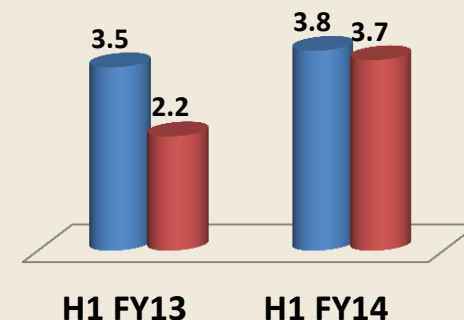
Key Projects contributing to Revenue

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

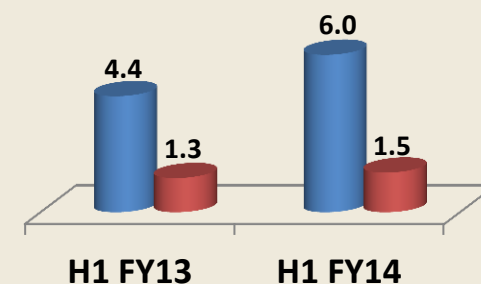
Municipal vs Industrial [Rs Bn]

■ Municipal ■ Industrial



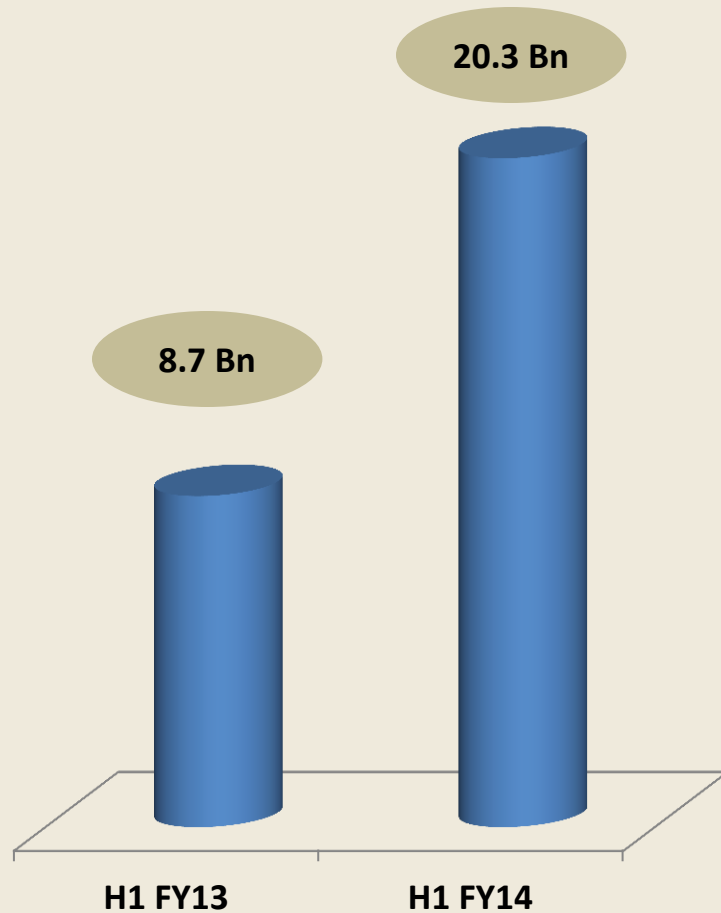
EPC vs O&M [Rs Bn]

■ EPC ■ O&M



Robust Order Intake

More than 100% increase in Order Intake

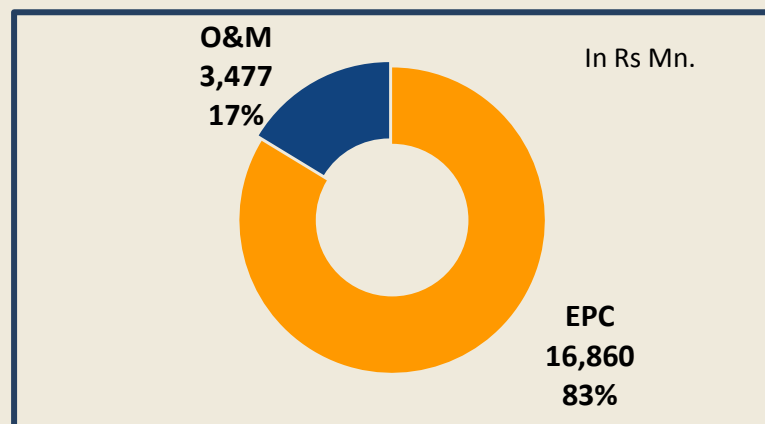


Petrobrazi, Romania

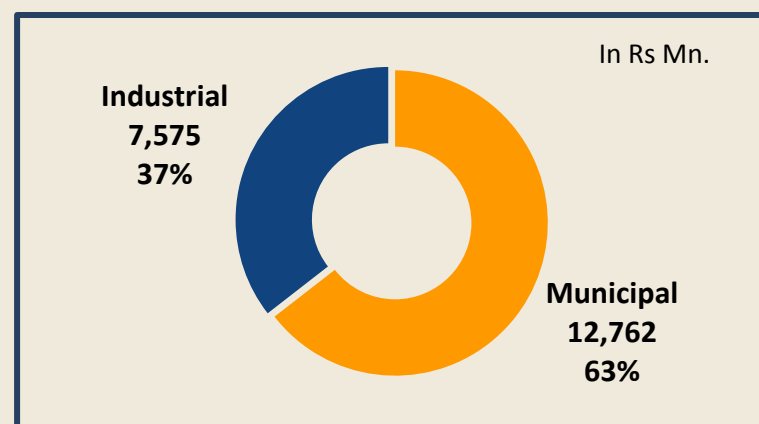
Order Intake – H1 FY14

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
Total	10,098	6,762	2,664	813	20,337
Framework Contracts					2,720
Total including framework					23,057

EPC vs O&M



Municipal vs Industrial



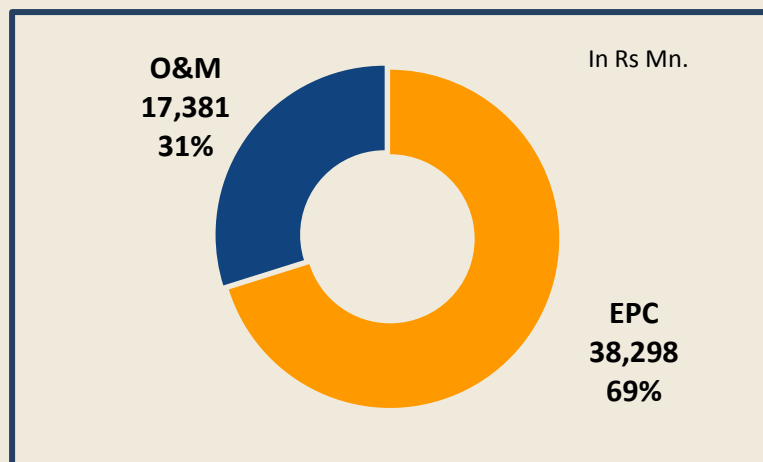
Key Orders received – H1 FY14

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

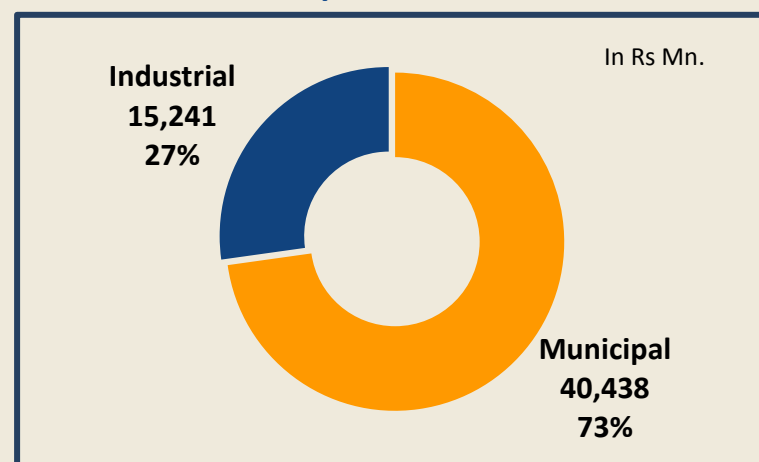
Current Order Book

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
Total	25,180	13,118	15,258	2,123	55,679
Framework Contracts					10,373
Total With Framework					66,052

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. 7.6 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*



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