



VA TECH WABAG LTD.

**Investor Presentation
August 2016**



Safe Harbour

- This presentation and the accompanying slides (the “Presentation”), which have been prepared by VA TECH WABAG LIMITED (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.
- This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.
- This presentation contains certain forward looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.

Business Overview



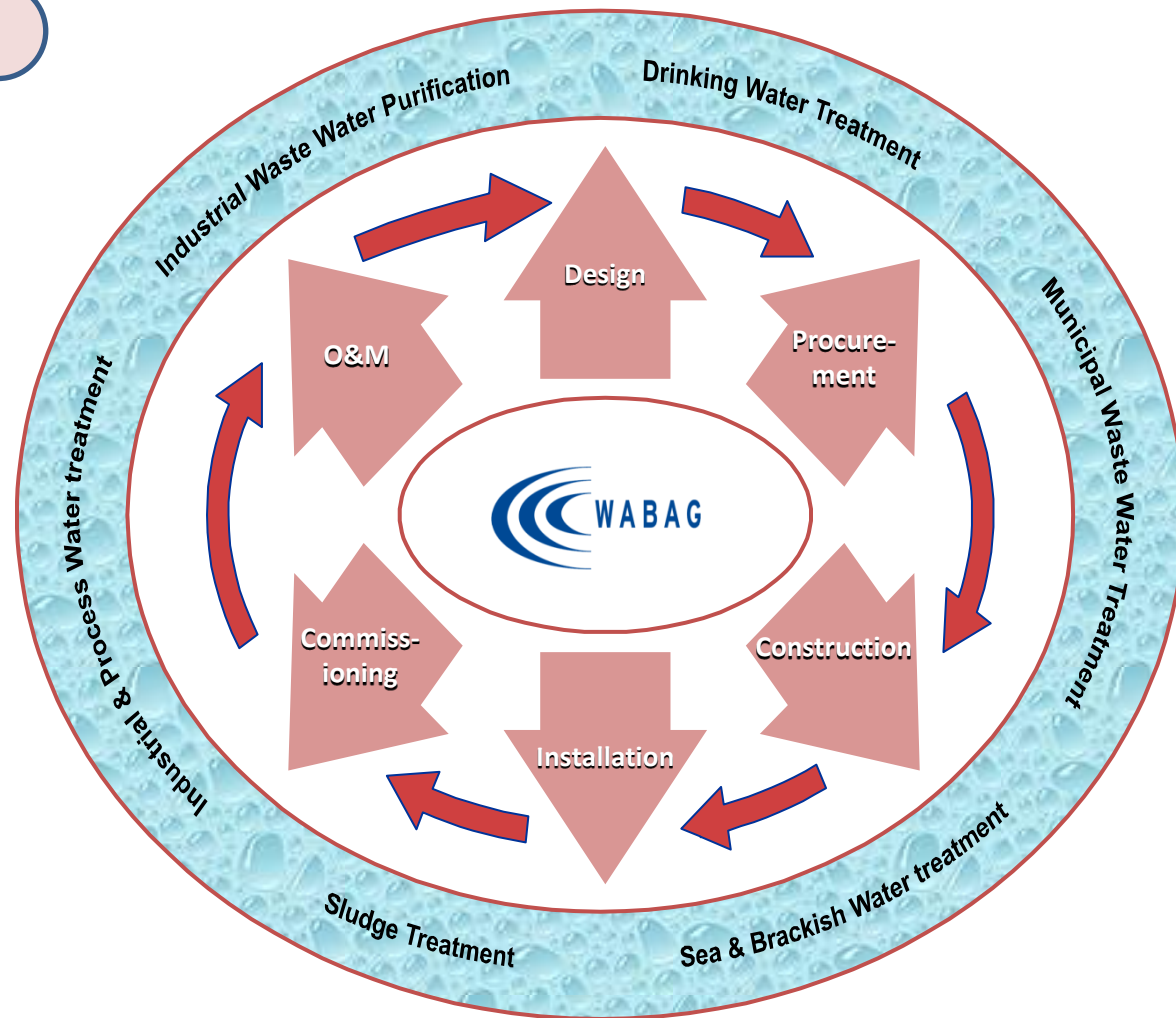
BATNA Waste Water Treatment Plant, ALGERIA

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.



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



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



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.



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



Erik Gothlin – MEA Cluster Head

- 25 Years of experience in the Industry of which 6 years in Wabag as MD & Head of Europe Region. Currently Heads Middle East and Africa Cluster.
- Previously held various management positions in ABB, Westermo Teleindustri and Chromalox Group.



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

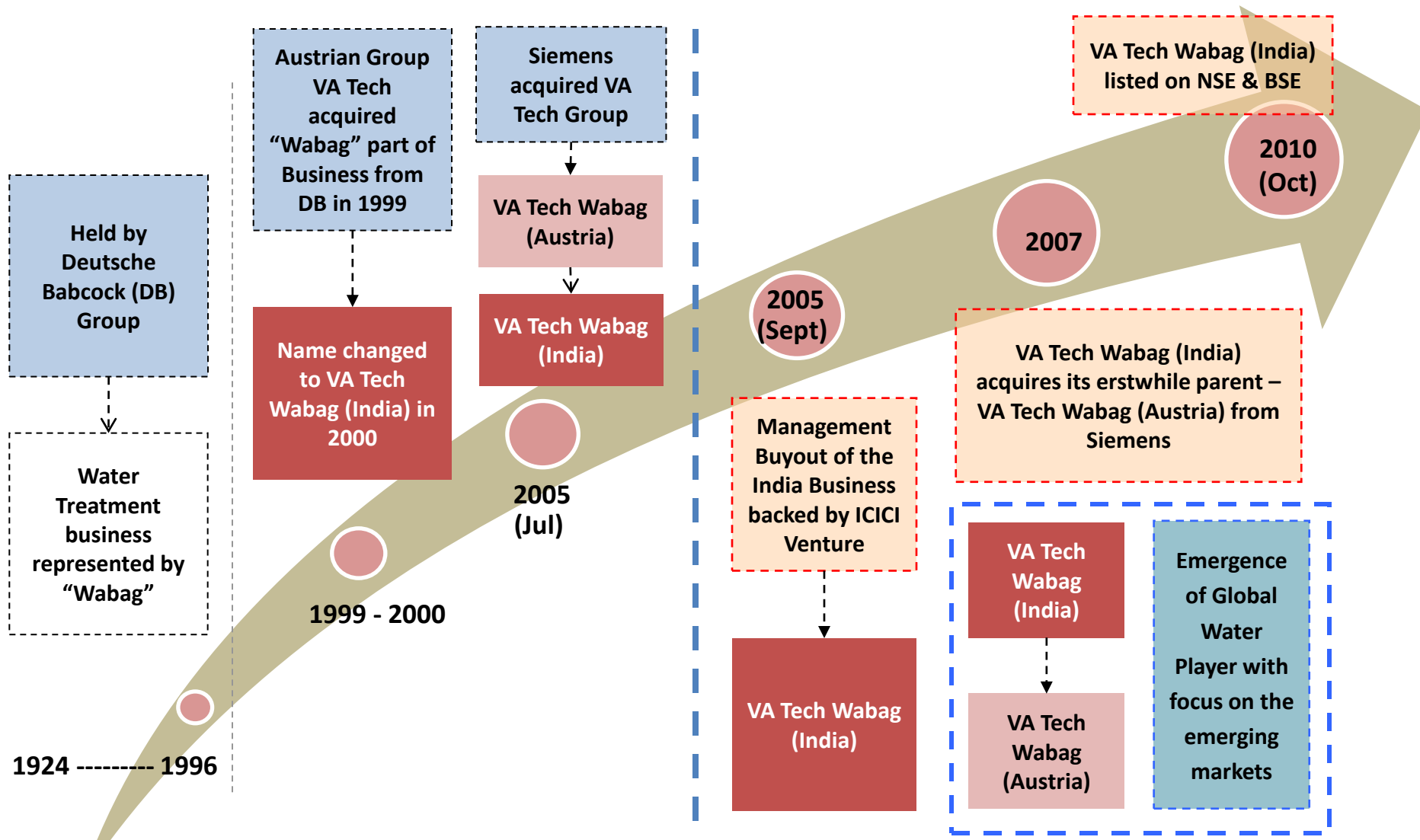


Erwin Mötz
Managing Director,
WABAG Romania



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

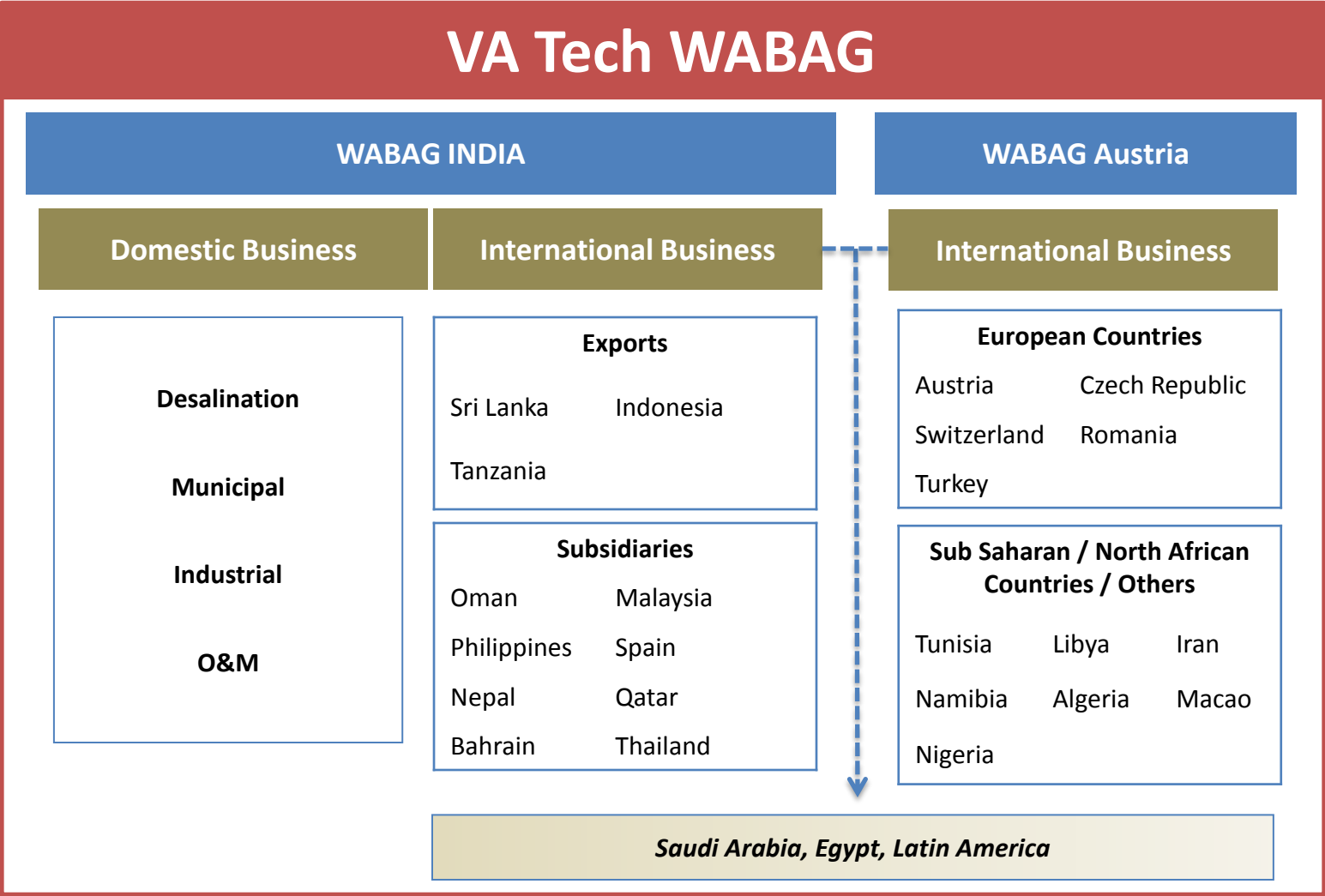
Growth in India Business

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

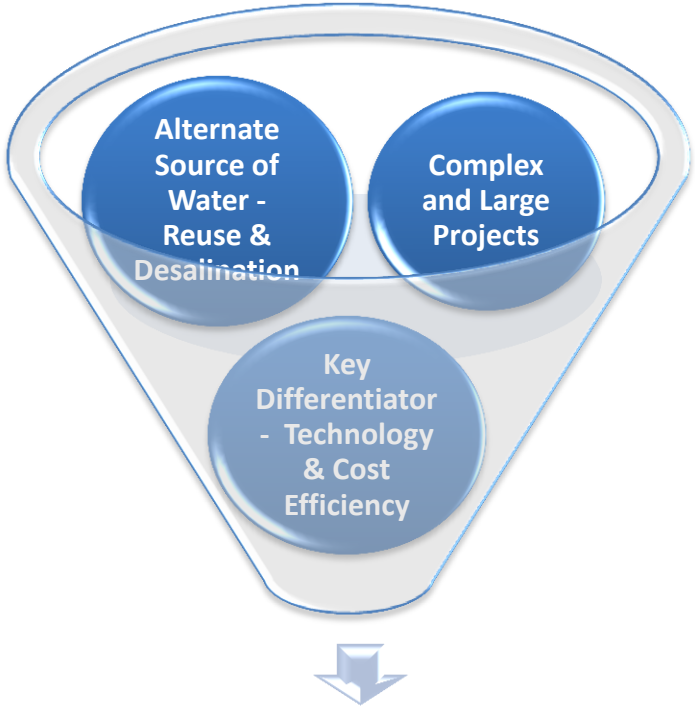
Use of Advanced Technology & R&D...

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®	

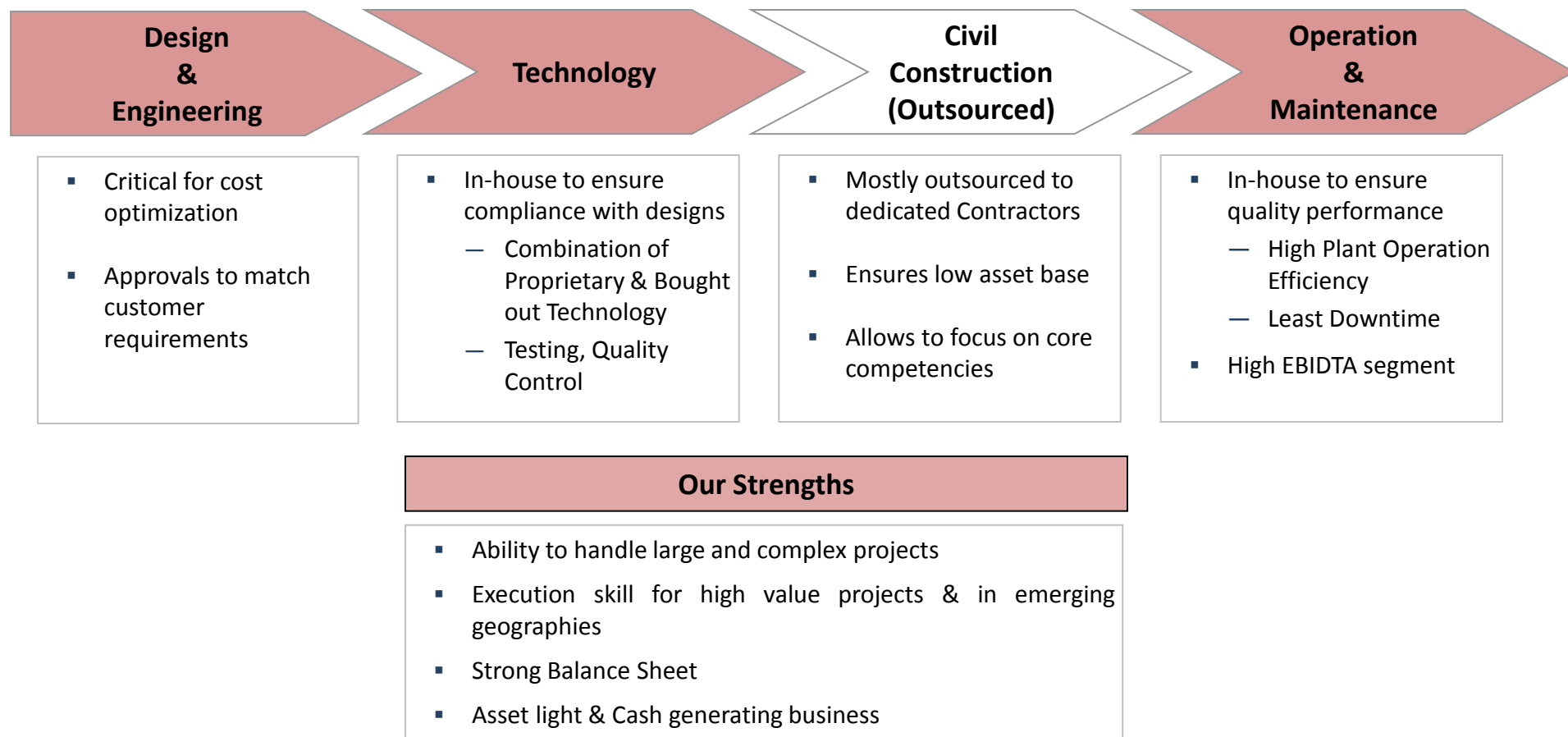
- Customized solutions employing in-house tech
- Patents owned for select products/ processes

High quality treated water – Technology is the deciding factor



**ADVANCED EUROPEAN TECHNOLOGY
@ LOCAL COST**

Asset Light Business Model



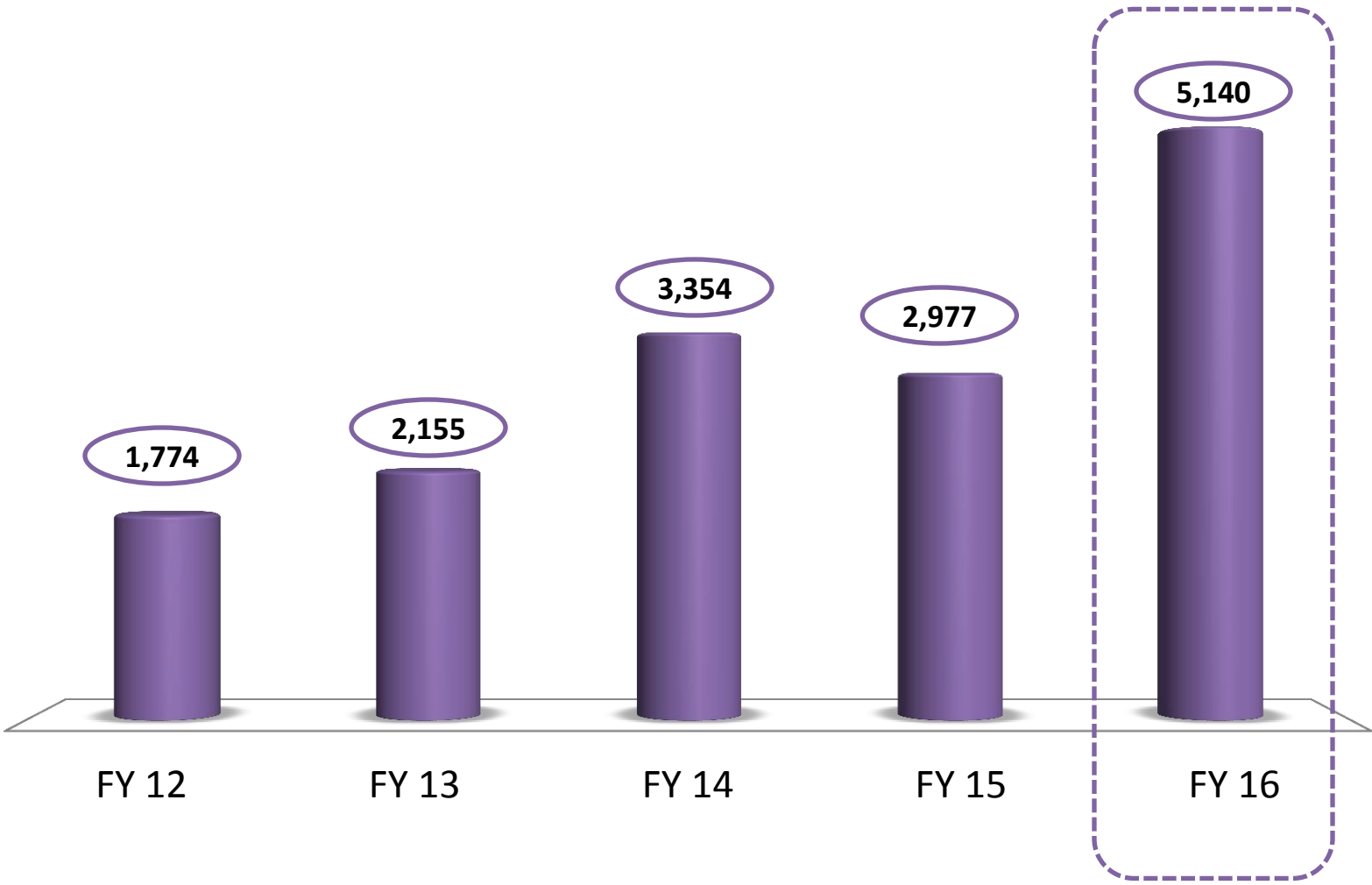
Focus on 'Value-Added & High Margin' work processes; Limits investment in Asset Base

FINANCIAL HIGHLIGHTS



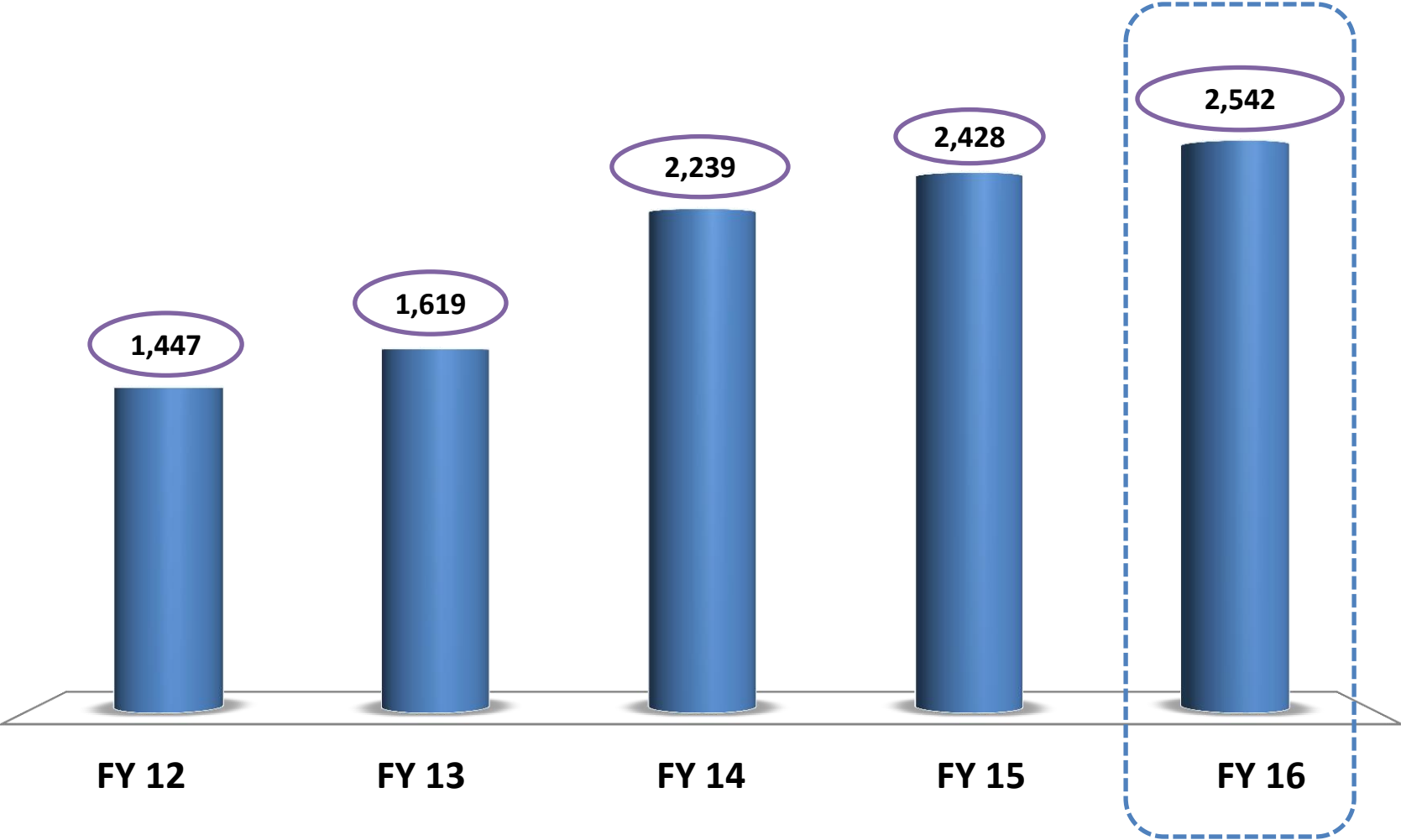
Waste Water Treatment Plant,
Turkey

Yearly Order Intake



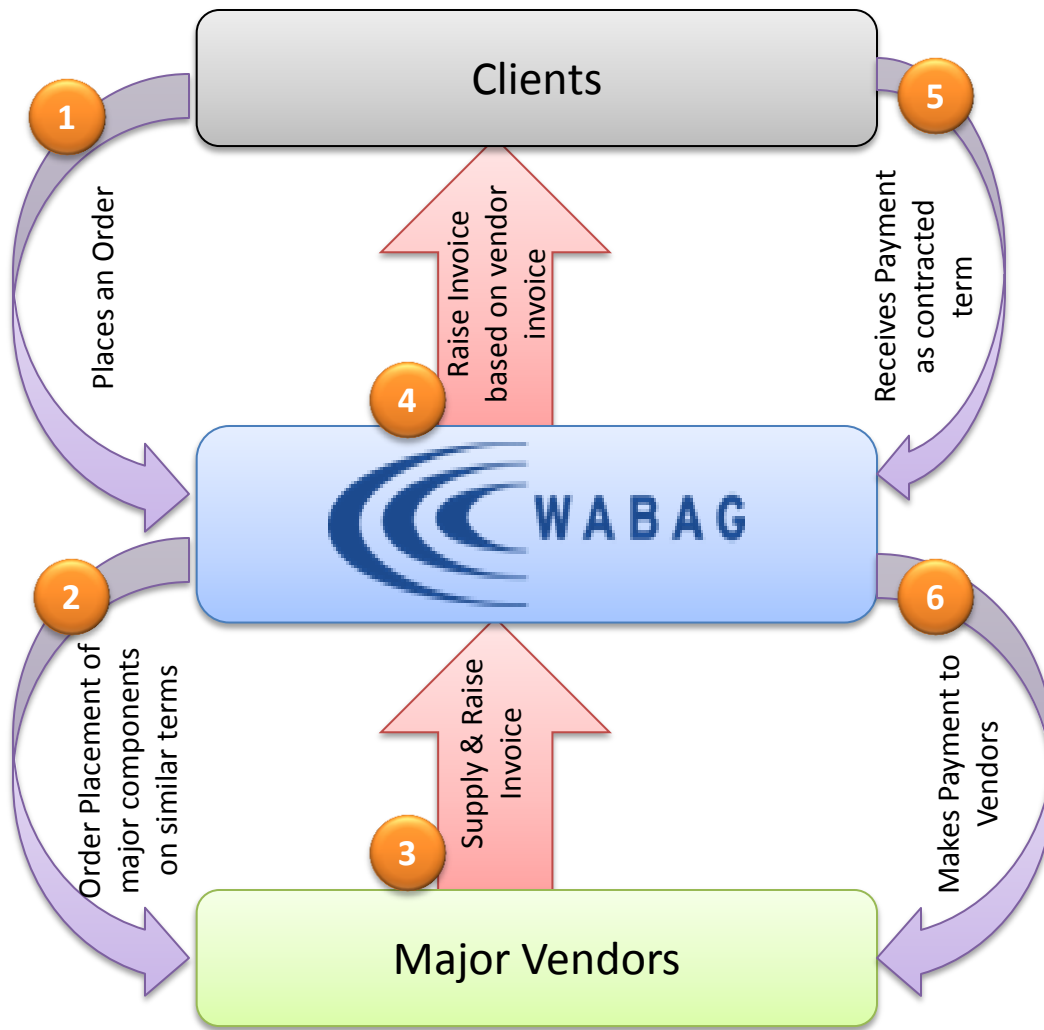
Rs. Crs.

Robust Revenue Growth



Rs. Crs.

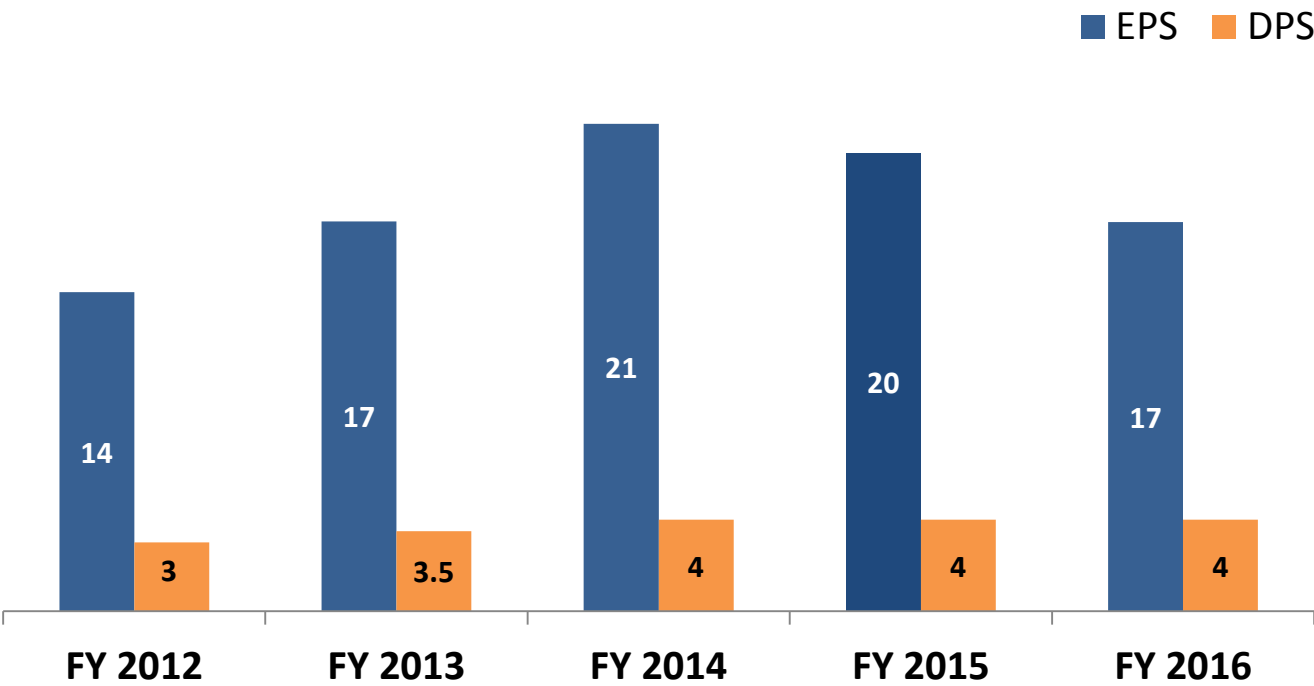
Working Capital Cycle



- 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

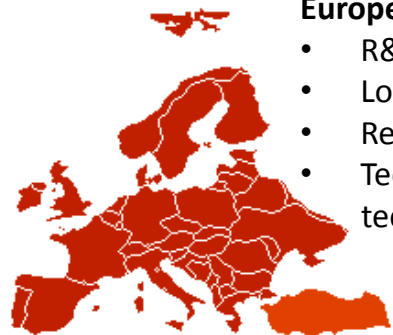
Dividend Pay-out

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



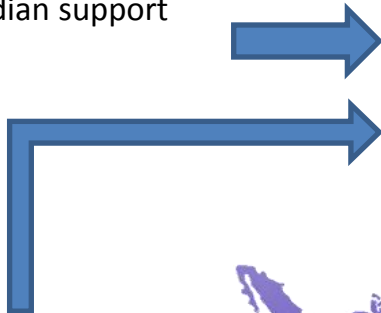
Europe

- 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



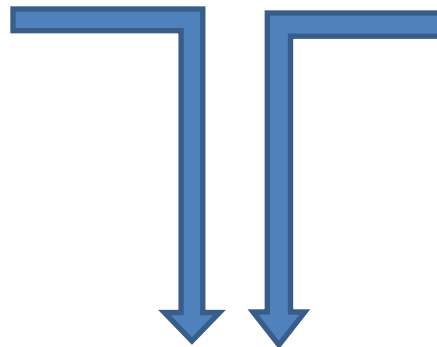
LATAM

- Huge market for Desal, Industrial and BOOT Projects



India

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



Middle East

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



South East Asia

- Largely untapped - Emerging economy
- Competitiveness through Indian support

Quarterly Performance



RESULTS OVERVIEW – Standalone Profit and Loss

INR Millions	Q1 FY17	Q1FY 16	YoY %
Income	2,557	2,538	1%
Other Operating Income	45	26	71%
Cost of Sales	1,941	1,764	10%
Total Cost of Operations (TCO)	425	505	-16%
EBITDA	237	295	-20%
EBITDA margin	9.2%	11.6%	
Net (Gain) / Loss on Forex	-101	-3	
Interest & Finance Charges (Net)	46	13	262%
Depreciation & Amortization	24	31	-23%
Tax	93	87	6%
Profit After Tax	175	167	5%
PAT margin	6.8%	6.6%	
Other Comprehensive Income	-3	-1	
Total Comprehensive Income	172	166	4%

- Cost of Sales vary quarter on quarter depending on the mix of projects
- Good Order Intake in Q4 FY 16 & in Q1 FY 17 and Increase in Short Term Borrowings for Working Capital resulted in increased Finance Charges and Interest Expense
- Other comprehensive income reflects the reclassification of Actuarial loss/gain on Defined employee benefits as per IND-AS

RESULTS OVERVIEW – Consolidated Profit and Loss

INR Millions	Q1 FY17	Q1FY 16	YoY %
Income	5,794	4,548	27%
Other Operating Income	8	7	18%
Cost of Sales	4,634	3,360	38%
Total Cost of Operations (TCO)	894	911	-2%
EBITDA	275	284	-3%
EBITDA margin	4.7%	6.2%	
Net (Gain) / Loss on Forex	-46	5	
Interest & Finance Charges (Net)	110	68	61%
Depreciation & Amortization	46	51	-10%
Tax	109	97	13%
Share of Profits from Associates / MI	-4	-161	
Profit After Tax	52	-98	
PAT margin	0.9%	-2.2%	
Other Comprehensive Income	-3	-1	
Total Comprehensive Income	49	(99)	

- Expediting of Sales in Overseas entities resulted in increase in Consolidated sales by 27%
- Cost of Sales vary quarter on quarter depending on the mix of projects
- Share of profits from associates and Minority interests in Q1 FY 16 majorly represents the reclassification as per IND-AS requirement. No impact in PAT.

RESULTS OVERVIEW – Balance Sheet

INR Millions	Mar '16	Mar '15	Mar '16	Mar '15
	Consolidated		Standalone	
Net Worth	9,918	9,028	7,811	6,863
Minority Interest	82	49		
Non-Current Liabilities	2,225	3,116	1,534	2,215
Trade Payables	10,399	8,653	6,235	5,575
Short Term Borrowings	3,272	1,048	2,389	626
Other Current Liabilities	4,170	3,784	1,268	1,786
Total Liabilities	30,066	25,678	19,236	17,065
Fixed Assets	1,779	1,919	950	990
Other Non-Current Assets	3,344	2,767	3,472	2,787
Trade Receivables	17,682	14,807	10,749	9,833
Cash & Bank Balances	3,584	3,112	1,235	1,283
Other Current Assets	3,678	3,074	2,830	2,173
Total Assets	30,066	25,678	19,236	17,065

- Reduction in Non-current liabilities is due to 28% NAD devaluation of Long Term borrowings pertaining to Ujams BOOT Project and reduction in Customer Advances in India
- Increase in Short Term Borrowings is due to increase in the working capital
- Increase in Other current Liabilities is due to increase in Advance from Customers in AMAS project in Bahrain
- Increase in Other Non-current assets is due to increase in Customer retention & reduction of non-current deposits in India
- Increase in other current assets is due to increase in interest accrued on ST investments and indirect tax receivables in India

RESULTS OVERVIEW – Working Capital Highlights

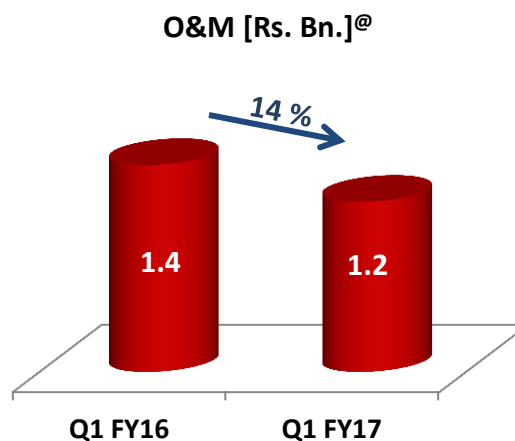
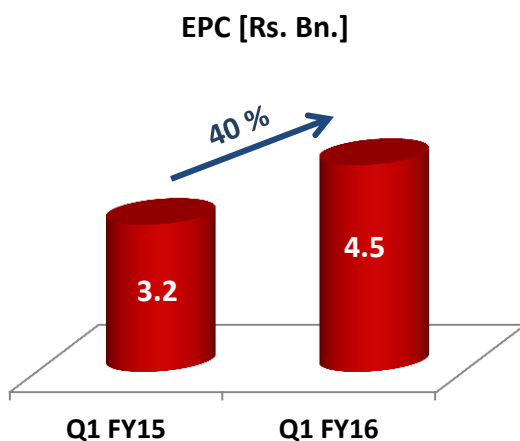
INR Millions	Mar '16	Mar '15
Inventories	976	470
Trade Receivables	17,682	14,807
Loans and Advances	1,099	1,063
Other Current Assets	1,503	1,191
Total Current Assets (A)	21,260	17,530
Trade Payables	10,399	8,653
Other Current Liabilities and Provisions	4,170	3,784
Total Current Liabilities (B)	14,570	12,437
Net Working Capital (NWC)	6,690	5,093
Net Working Capital (No. of Days)	96	77

- Company resorted to use its cash & borrowings in Balance Sheet for Speedier execution as sub-contractors and vendors face tight liquidity market situation.

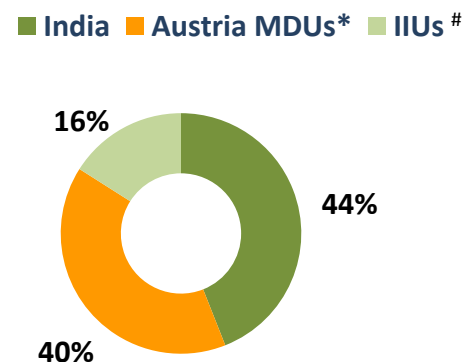
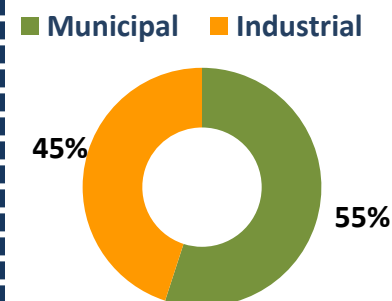
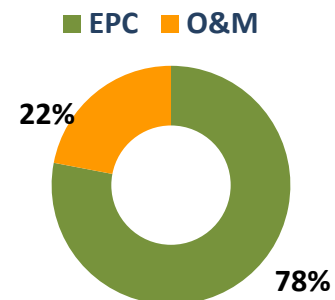
Net working capital no. of days sales at 96 days

Revenue Breakup – Q1 FY17

INR Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	680	1,565	236	76	2,557
Wabag Overseas	1,570	731	696	240	3,237
Total	2,250	2,296	932	316	5,794



[@] The power cost component of Nimmeli O&M was removed from the backlog in Q3 FY16



Key Projects Contributing to Revenue – Q1 FY 17

Project Details	Revenue recognized [INR Mn]
▪ APGENCO – BOP with Water management	1,082
▪ AMAS, Bahrain – 40 MLD STP	528
▪ Istanbul, Turkey O&M	371
▪ Petronas RAPID ETP, Malaysia	354
▪ Polatli, Turkey – WWTP	228
▪ Dangote, Nigeria – 60 MLD RWTP	196
▪ Suplac, Romania – ETP	192
▪ UP Jal Nigam – 140 MLD STP	167
▪ Ferganska, Uzbekistan – WWTP	154
▪ Al Kharj, Saudi Arabia – WWTP	122

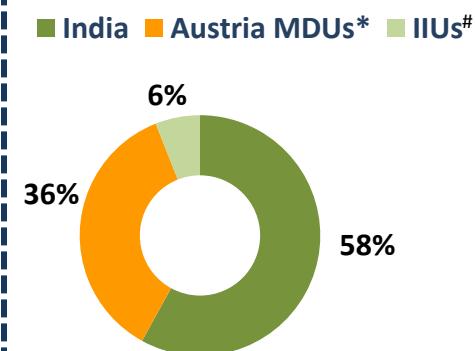
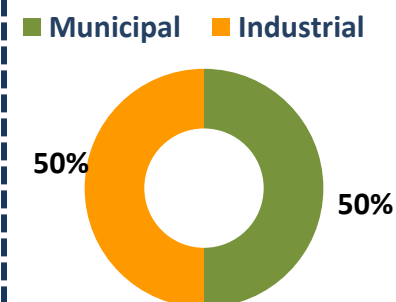
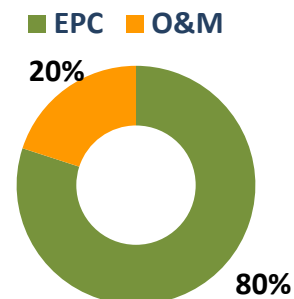
Order Book Analysis – Q1 FY17



Order Intake Breakup – Q1 FY17

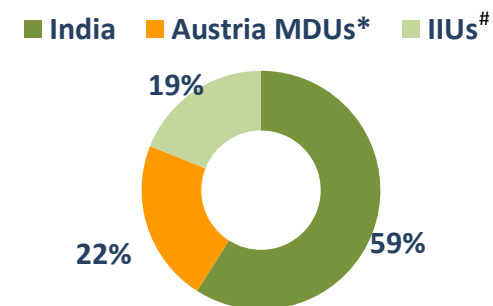
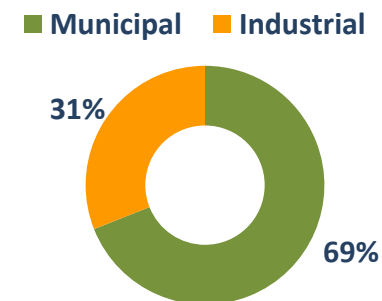
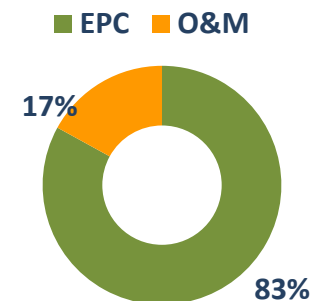
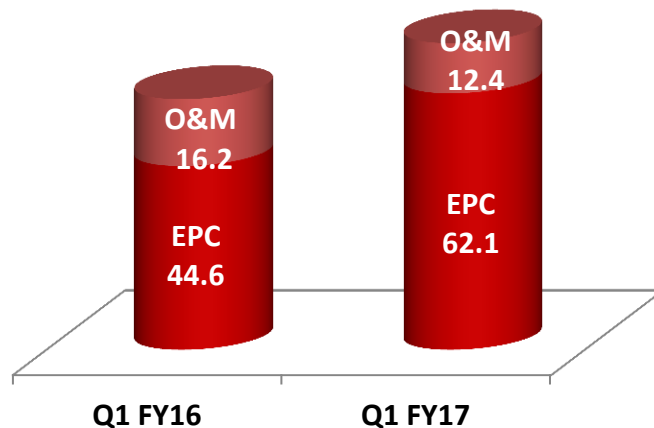
INR Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	2,312	1,808	501	30	4,651
Wabag Overseas	1,021	1,291	192	891	3,395
Total	3,333	3,099	693	921	8,046

Key Orders Received in Q1	Order Value (INR Mn)
▪ Guheshwori, Nepal – WWTP	1,400
▪ Long Phu, Vietnam – WTP	1,251
▪ RIL, India – SWRO	1,084
▪ KMC, India – WTP	880



Order Book Composition – Q1 FY17

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	21,798	11,498	10,385	132	43,813
Wabag Overseas	18,573	10,263	386	1,473	30,695
Framework Contracts					8,659
Total	40,371	21,761	10,771	1,605	83,167



Order Book of Rs. 74.5 Bn & Framework Contracts of Rs. 8.7 Bn

Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
• Petronas RAPID ETP, Malaysia	13,161
• Polgahawela, Sri Lanka – WTP	7,340
• Koyambedu, Chennai – 45 MLD TTP	5,940
• AMAS, Bahrain – 40 MLD STP	4,665
• APGENCO – BOP with Water Management	3,322
• OWSSB, Orissa – 100 MLD STP with O&M	1,836
• Istanbul, Turkey O&M	1,054
• UP Jal Nigam - 140 MLD STP	1,316
• Valenzuela, Philippines - 60 MLD STP	1,374
• Guheshwori, Nepal – WWTP	1,400

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

Company :

VA Tech Wabag Ltd.
CIN - L45205TN1995PLC030231
Mr. Parthasarathy G, Chief Financial Officer /
Mr. Rajiv Balakrishnan, AGM IR
investors@wabag.in

www.wabag.com

Investor Relations Advisors :

Stellar IR Advisors Pvt. Ltd.
CIN - U74900MH2014PTC259212
Mr. Gaurang Vasani, Managing Director
vgaurang@stellar-ir.com

www.stellar-ir.com