



Creating more Wabags world over!

Passioneering takes us places

**VA TECH WABAG**  
**INVESTOR PRESENTATION**  
**NOVEMBER 2014**

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# Business Overview



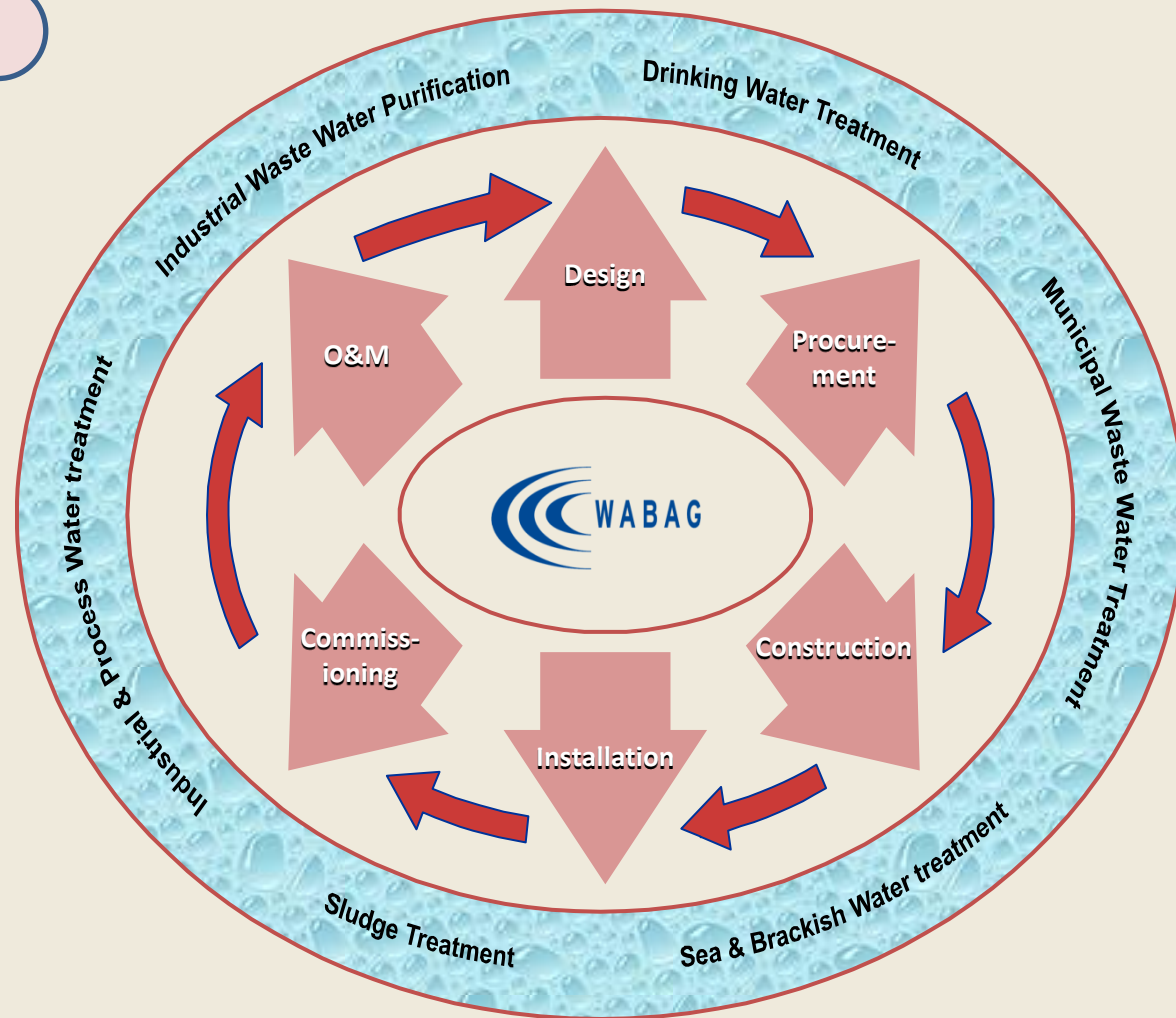
**BATNA Waste Water Treatment Plant, ALGERIA**

## **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 2250 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



**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



**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



**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

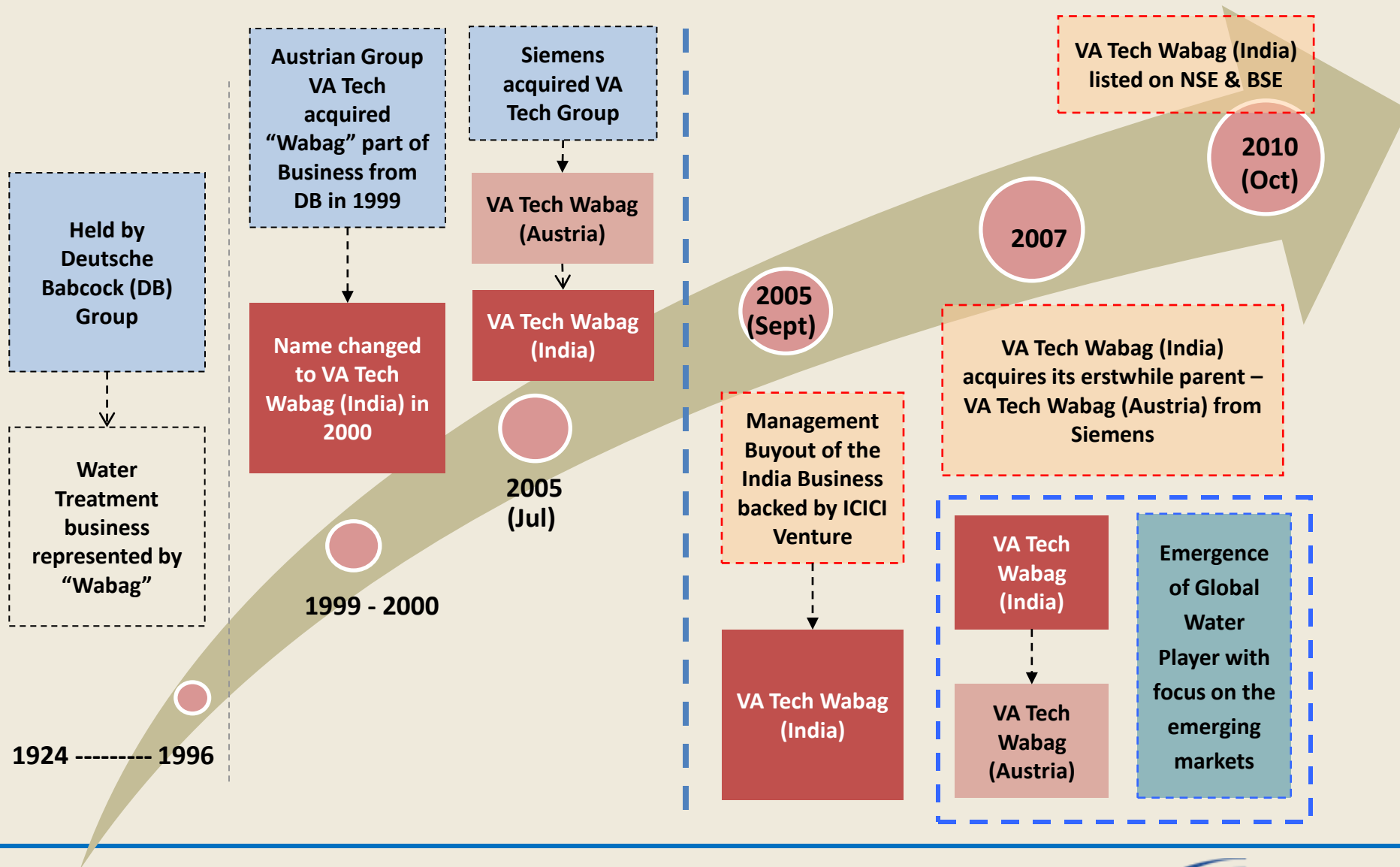
- 34 years of work experience; worked previously with Sulzer Brothers as Head of water sales.
- Responsible for project execution and research and development.



**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

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



# ... Strengthen the Positioning in Water Treatment Sector

## Wabag Austria acquisition brought along...

Technical Know-how – Access to over 100 Patents & Experienced Manpower

Perennial Rights to “WABAG” brand - Established in 1924

Project References in more than 19 countries helps P/Q

Access to Global geographies

## .... facilitated to Achieve

### Growth in India Business

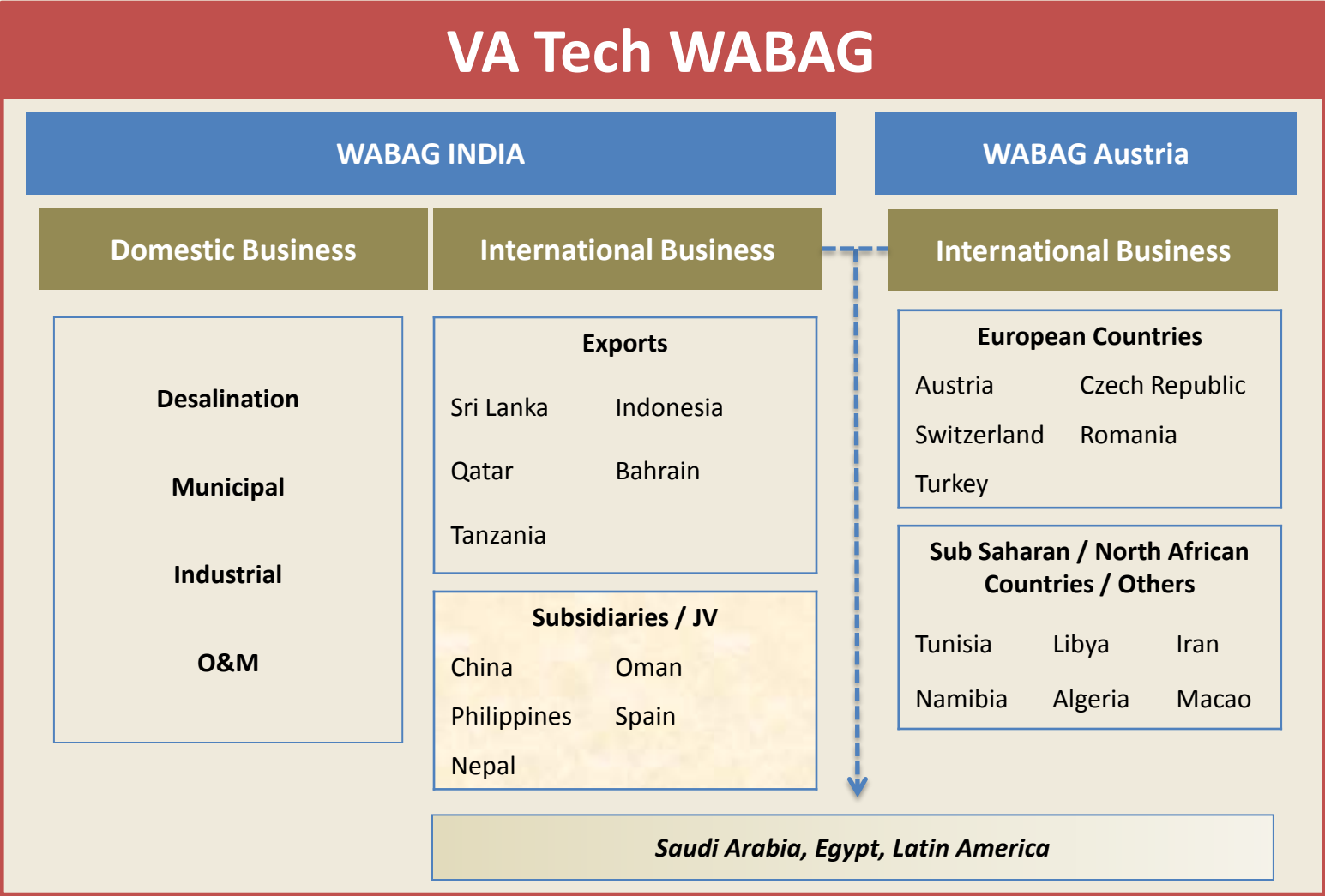
Revenue grew over 3 times  
From Rs. 332 Crs to Rs. 1,152 Crs

Acceptance of WABAG INDIA in  
Overseas market

Opportunity to leverage Low  
Cost Economic Advantage in  
Global market

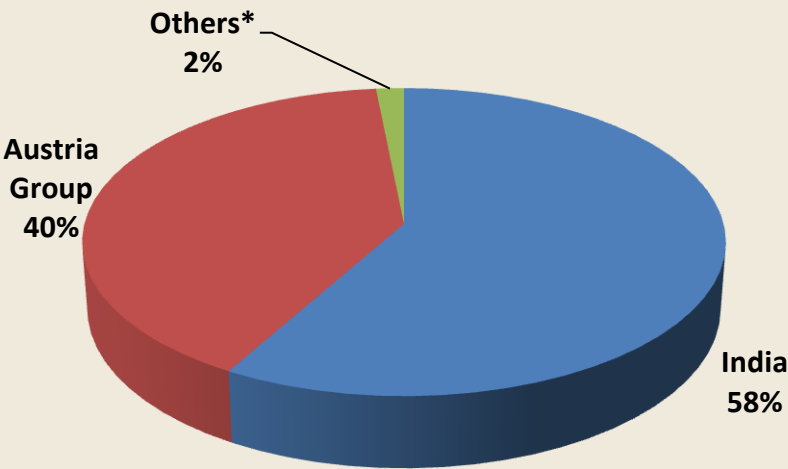


# Current Business Structure

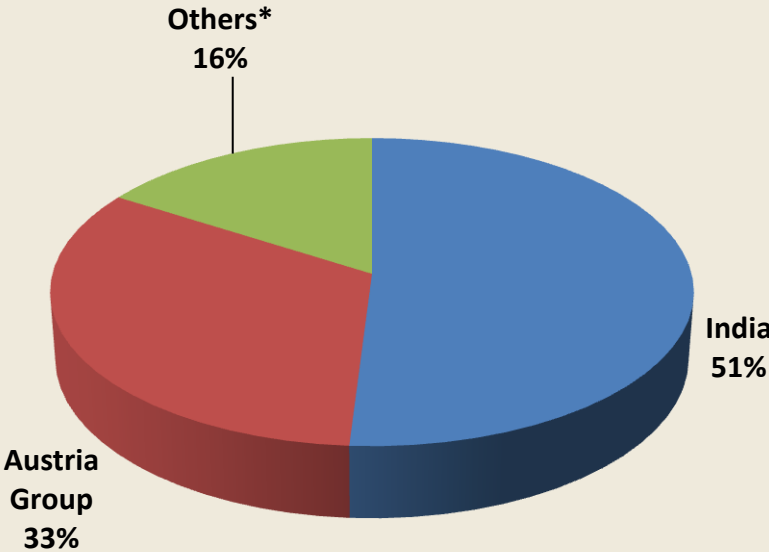


# ... evolving with growth in International Geographies

Order Intake (Rs. 1,774 Crs.) in FY 2012



Order Intake (Rs. 3,354 Crs.) in FY 2014



Leveraging Indian resources for gaining momentum in International Geographies

# Our Key Strengths



100 MLD Desalination Plant, Chennai, INDIA

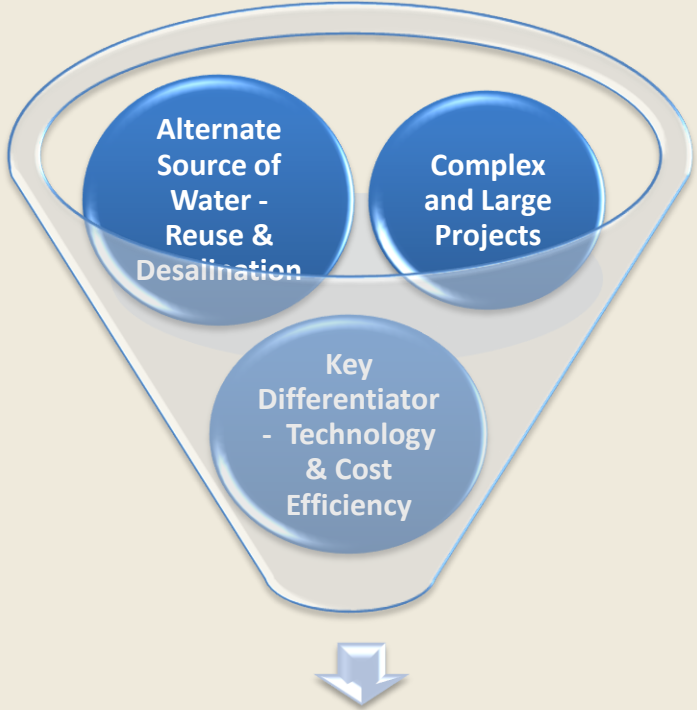
# Use of Advanced Technology & R&D...

## 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**

# Presence in High Growth Potential Water Markets

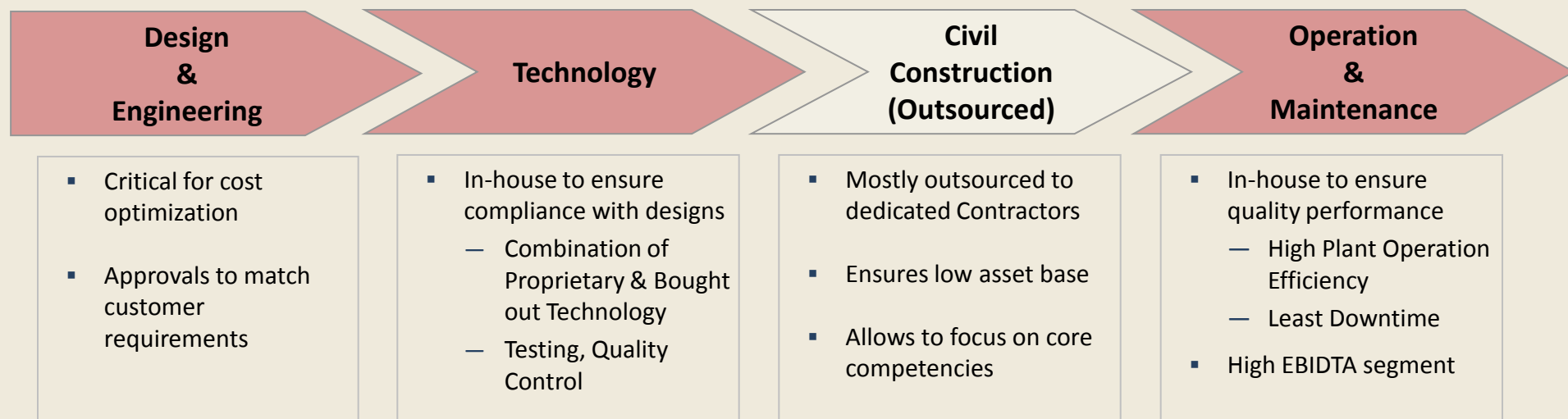
Countries		Market \$Bn	CAGR Range
US		107.0	10-15%
China	←	47.0	6-10%
Italy	←	16.0	10-15%
Brazil	←	15.0	10-15%
Spain	←	11.0	15%+
Saudi Arabia	←	8.5	6-10%
Mexico	←	7.3	6-10%
South Africa		6.1	6-10%
India	←	5.9	10-15%
UAE	←	4.4	10-15%

Countries		Market \$Bn	CAGR Range
Algeria	←	4.0	6-10%
Iran	←	3.8	10-15%
Egypt	←	3.5	6-10%
Indonesia	←	2.5	10-15%
Hungary		1.8	15%+
Malaysia	←	1.7	10-15%
Morocco		1.6	10-15%
Argentina		1.3	15%+
Romania	←	0.9	15%+
Tunisia	←	0.8	10-15%

← **Countries, WABAG is focused**



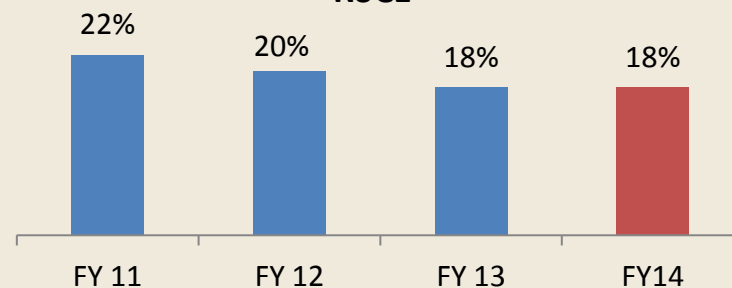
# Asset Light Business Model



## Our Strengths

- Ability to handle large and complex projects
- Execution skill for high value projects & in emerging geographies
- Strong Balance Sheet
- Asset light & Cash generating business

## RoCE



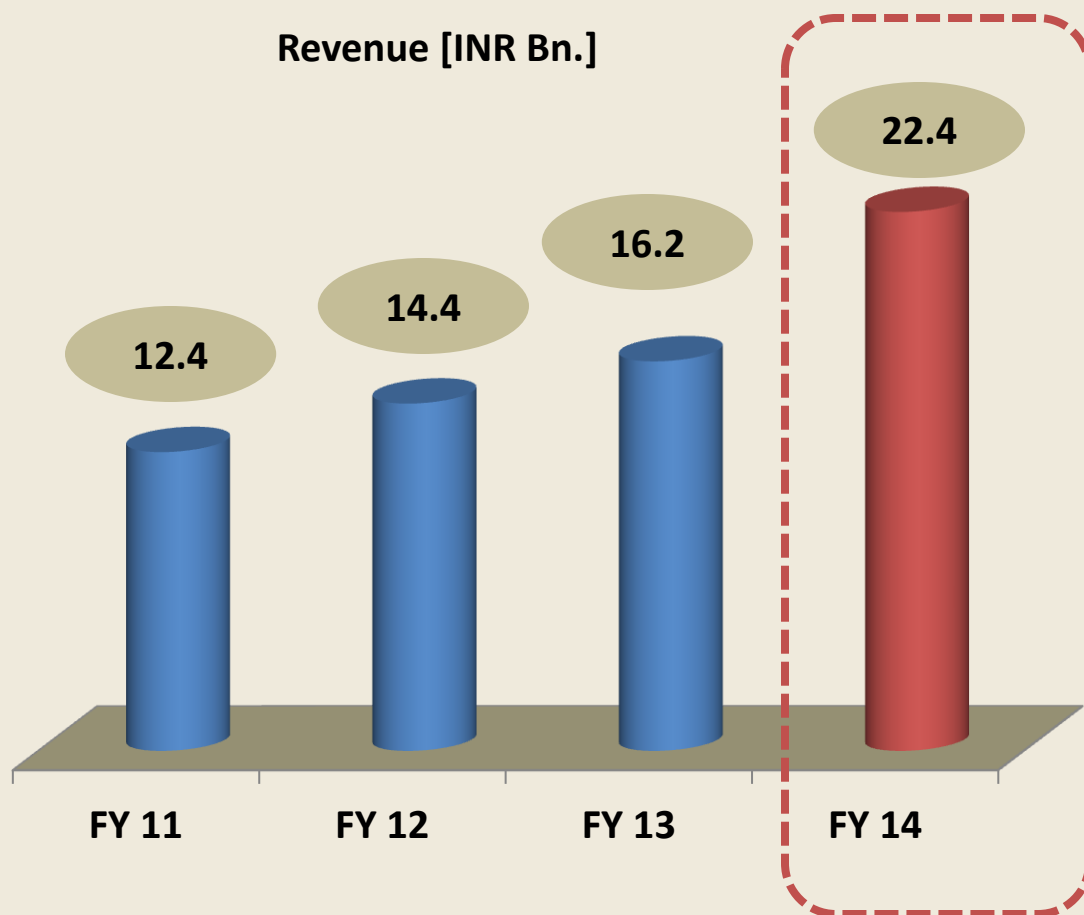
**Focus on 'Value-Added & High Margin' work processes; Limits investment in Asset Base**

# FINANCIAL HIGHLIGHTS



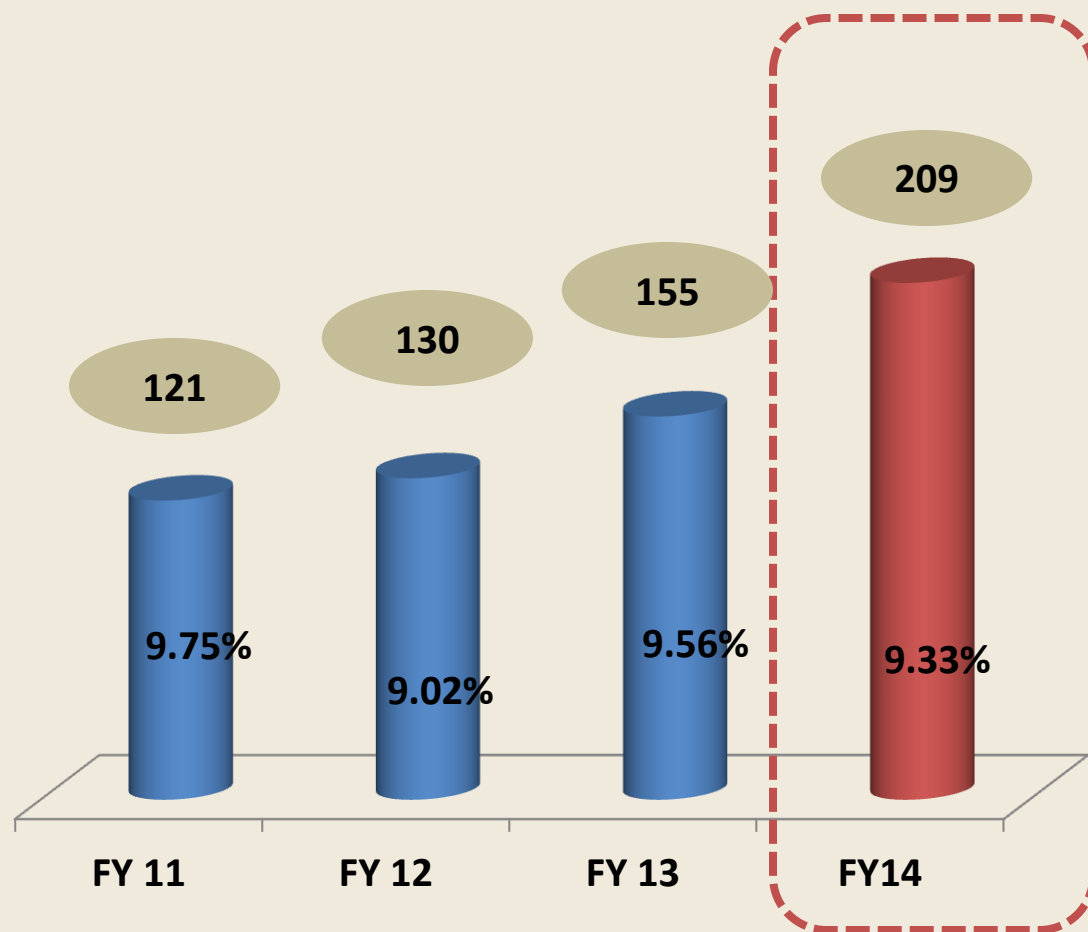
Waste Water Treatment Plant,  
Turkey

# Robust Revenue Growth...



- ✓ Execution Team across geographies focused on execution.
- ✓ European Subsidiaries crossed Euro 100 Mn mark on Revenue
- ✓ Good performance by Other Indian Subsidiaries : INR 3,620 Mn CY over INR 296 Mn PY

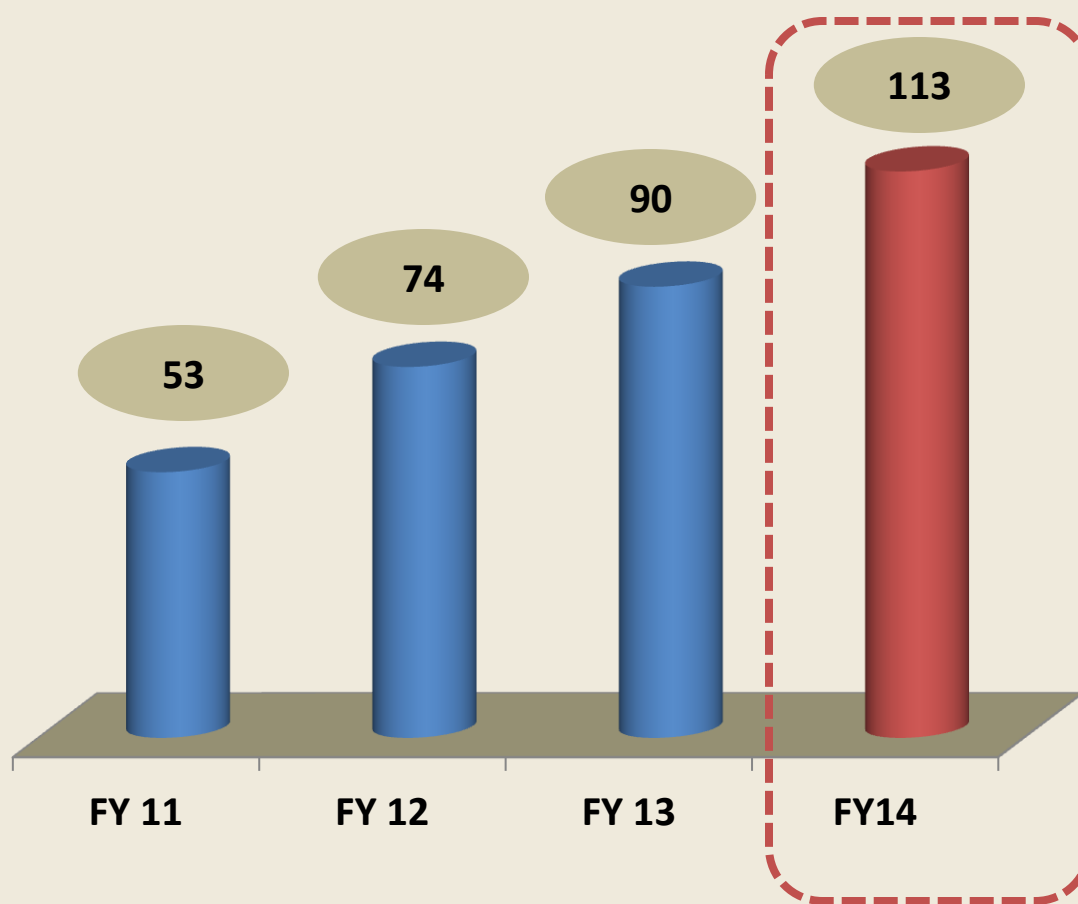
## ... with improved EBITDA margins...



Rs. Crs.

- ✓ Increase in O&M Business Revenue share from 10% in FY 11 to 17% in FY 13
- ✓ Gaining margin on account of better absorption of Overhead
- ✓ Margin maintained despite Investments in various international geographies (MDUs)

## Consistent growth in PAT

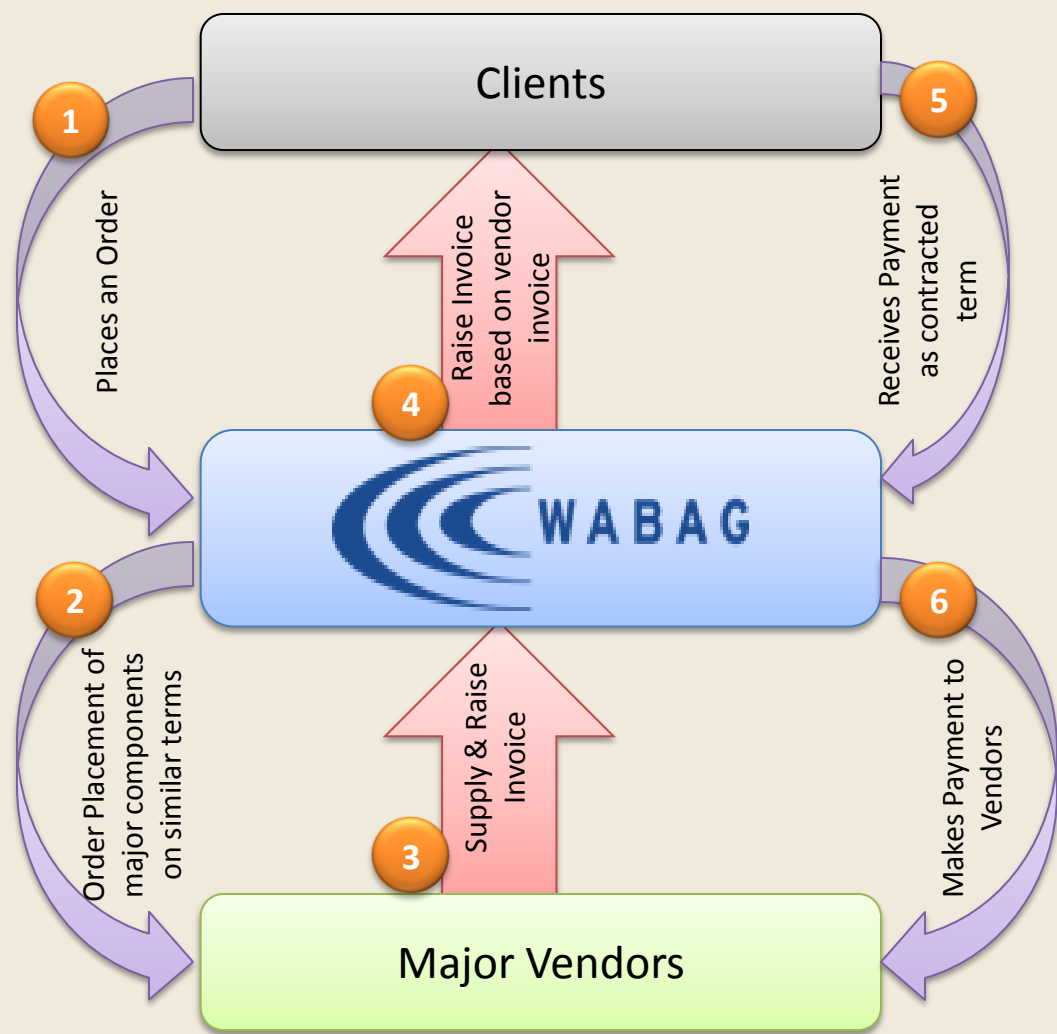


- ✓ Asset Light Model resulting in low Depreciation and Finance Cost
- ✓ Any improvement in EBITDA directly flows through PBT

Rs. Crs.



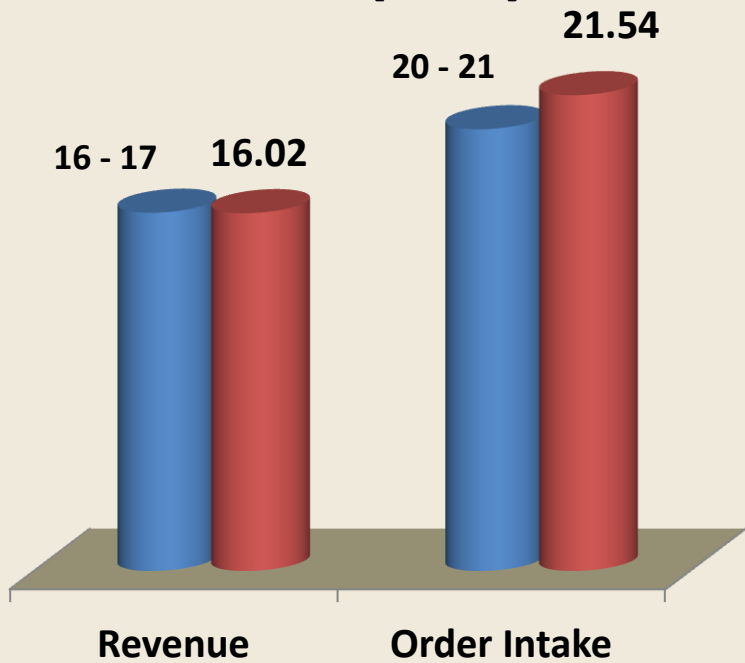
# Working Capital Cycle



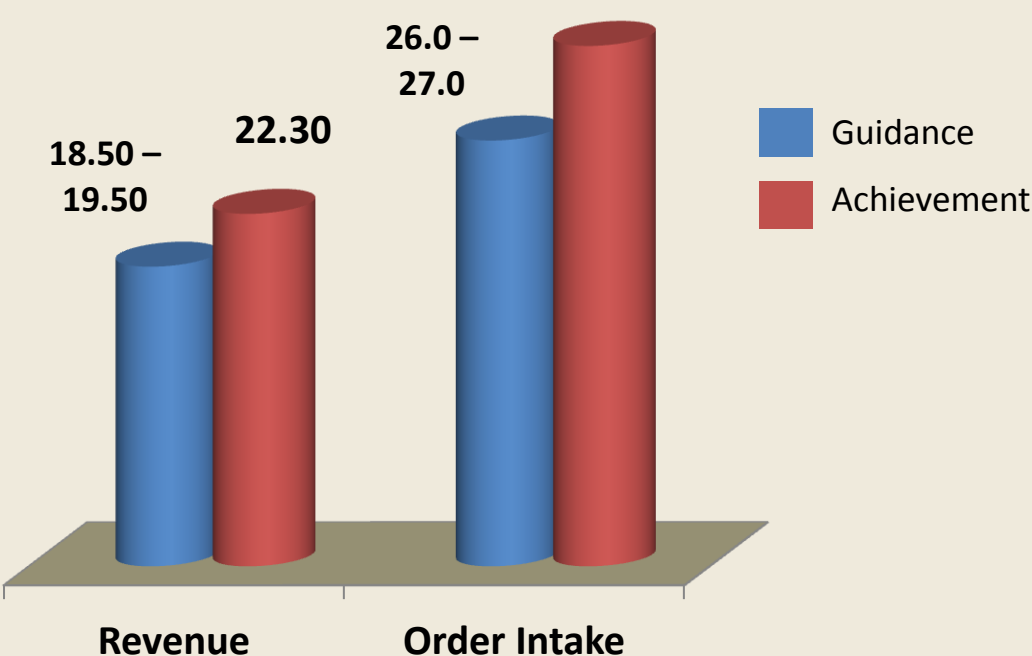
- Why are the Receivables & Payables higher on Balance Sheet date?
  - Q4 generally accounts for 40-45% of annual turnover
  - Invoice raised & recognized as Revenue that appear in Receivables, are not due for payment as per contract
  - The above applies to Payables to major Vendors too
  - Receives and makes payment as per contracted terms in due course of time

# Consistently achieving Guidance

FY 2013 [INR Bn]



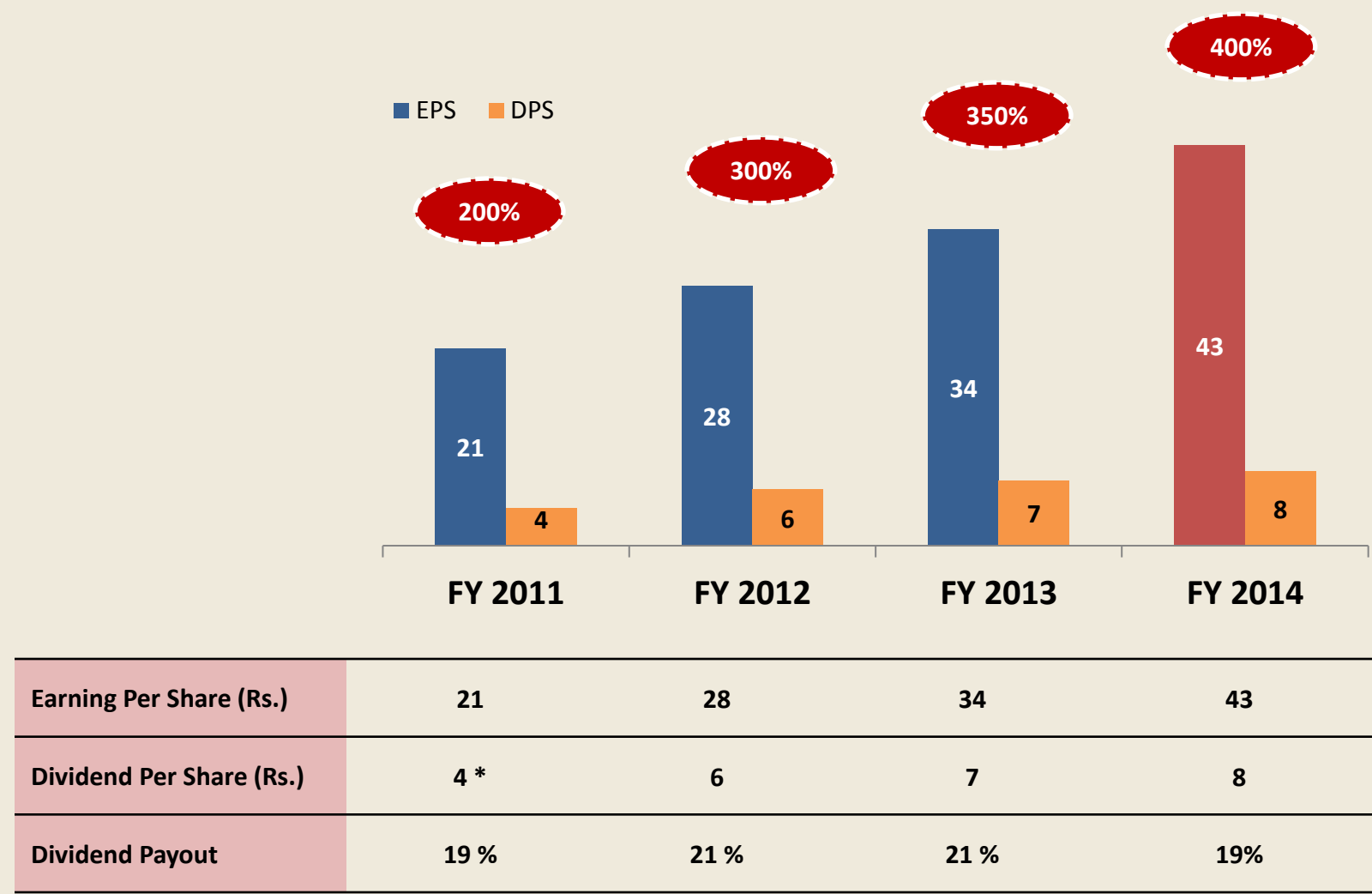
FY 2014 [INR Bn]



## Guidance for FY 15

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

# Dividend Pay-out



## **Annexure: Recent Financial Highlights**

# RESULTS OVERVIEW – Consolidated Profit and Loss

INR Millions	Q2 FY15	Q2FY 14	YoY %	H1 FY15	H1 FY14	YoY %	FY 14
Income	5,061	4,646	9.0%	9,042	7,501	20.5%	22,302
Other Operating Income	8	10	-16.2%	39	15	155.0%	85
Cost of Sales	3,843	3,498	9.9%	6,752	5,413	24.7%	16,979
Total Cost of Operations (TCO)	898	780	15.1%	1,795	1,529	17.4%	3,317
EBITDA	329	377	-12.9%	534	575	-7.2%	2,090
<b>EBITDA margin</b>	<b>6.5%</b>	<b>8.1%</b>		<b>5.9%</b>	<b>7.7%</b>		<b>9.4%</b>
Net (Gain) / Loss on Forex	-17	59	-129.5%	-60	130	-146.4%	205
Interest & Finance Charges (Net)	62	11	466.1%	120	26	356.7%	124
Depreciation & Amortization	55	38	44.5%	89	71	25.2%	150
Exceptional Items	0	0		0	0		51
Tax	87	99	-12.5%	135	147	-8.4%	526
Profit After Tax	142	170	-16.5%	251	201	25.0%	1,136
<b>PAT margin</b>	<b>2.8%</b>	<b>3.7%</b>		<b>2.8%</b>	<b>2.7%</b>		<b>5.1%</b>
Share of Profit from Associates / MI	14	4		7	2		-3
<b>Net PAT</b>	<b>156</b>	<b>174</b>	<b>-10.4%</b>	<b>258</b>	<b>203</b>	<b>27.3%</b>	<b>1,134</b>

- Our revenue in H2 is always much more than the revenue in H1, and we are inline with our growth target with 20.5% growth in H1.
- Total Cost of Operations in the International Business is under control. Overheads in European operations decreased in Euro terms.
- Interest and Finance charges have increased mainly due to in Finance charges on non-fund lines to service new orders received in FY 14 and increase in borrowings to fund the working capital.



# RESULTS OVERVIEW – Standalone Profit and Loss

INR Millions	Q2 FY15	Q2FY 14	YoY %	H1 FY15	H1 FY14	YoY %	FY 14
Income	2,339	2,167	7.9%	3,590	3,324	8.0%	11,400
Other Operating Income	22	32	-29.2%	66	32	107.9%	123
Cost of Sales	1,766	1,612	9.6%	2,524	2,323	8.7%	8,686
Total Cost of Operations (TCO)	359	291	23.5%	781	581	34.4%	1,313
EBITDA	236	296	-20.5%	351	452	-22.3%	1,523
<b>EBITDA margin</b>	<b>10.1%</b>	<b>13.7%</b>		<b>9.8%</b>	<b>13.6%</b>		<b>13.4%</b>
Net (Gain) / Loss on Forex	7	31	-77.7%	-3	88	-102.8%	112
Interest & Finance Charges (Net)	20	-8		31	-16		7
Depreciation & Amortization	33	18	89.2%	9	35	-73.9%	81
Tax	59	85	-30.9%	105	115	-8.6%	437
Profit After Tax	116	170	-31.6%	208	231	-9.8%	886
<b>PAT margin</b>	<b>5.0%</b>	<b>7.9%</b>		<b>5.8%</b>	<b>6.9%</b>		<b>7.8%</b>

- Increase in Other expenses is mainly due to
  - Increase in Provision for receivable as per the policy of the Company
  - Additional R&D expenditure to Increase focus on R&D.
- Manpower in India also supports business development, engineering and project execution of overseas Projects.
- Interest and Finance charges have increased mainly due to
  - Increase in short-term borrowings towards working capital
  - For servicing new orders received in FY14

# RESULTS OVERVIEW – Balance Sheet

Rs. Millions	Sep'14	Mar '14	Sep '14	Mar '14
	Consolidated		Standalone	
Net Worth	8,608	8,410	6,305	6,028
Minority Interest	34	28	-	-
Non-Current Liabilities	2,603	2,276	1,561	1,625
Trade Payables	7,373	8,620	4,514	5,444
Other Current Liabilities	4,852	5,024	2,793	2,925
<b>Total Liabilities</b>	<b>23,470</b>	<b>24,357</b>	<b>15,172</b>	<b>16,023</b>
Fixed Assets	2,081	1,884	1,026	1,019
Other Non-Current Assets	1,391	2,121	1,456	2,269
Trade Receivables	13,581	13,875	8,983	9,237
Cash & Bank Balances	2,416	3,702	644	1,564
Other Current Assets	4,002	2,776	3,064	1,934
<b>Total Assets</b>	<b>23,470</b>	<b>24,357</b>	<b>15,172</b>	<b>16,023</b>

- Non Current Liabilities on Consol Balance Sheet increased only due to increase in Long Term Borrowing for BOOT Project in Namibia.
- Increase in Fixed Assets mainly due to increase of Intangible Assets under Development in our BOOT project.
- Consol Gross Cash in Balance Sheet is INR 3,406 Mn. Company extended payment support to subcontractors for expediting execution during the first half of the year.
- Other Non-current asset decreased mainly due to decrease in Customer Retention in India.
- Other Current assets increased partly due to increase in Tax receivable in India and because of increase in Inventories in India on projects pending achievement of milestones.

# RESULTS OVERVIEW – Working Capital Highlights

Rs. Millions	Sep '14	Mar'14
Current Investments	350	200
Inventories	849	350
Trade Receivables	13,581	13,875
Loans and Advances	1,442	995
Cash & Bank Balances	2,416	3,702
Other Current Assets	1,362	1,232
<b>Total Current Assets (A)</b>	<b>19,999</b>	<b>20,353</b>
Short-term borrowings	1,770	1,133
Trade Payables	7,373	8,620
Other Current Liabilities and Provisions	3,082	3,891
<b>Total Current Liabilities (B)</b>	<b>12,226</b>	<b>13,643</b>
Net Working Capital without Cash (NWC)	5,357	3,008
<b>Net Working Capital without Cash (No. of Days)</b>	<b>72</b>	<b>49</b>

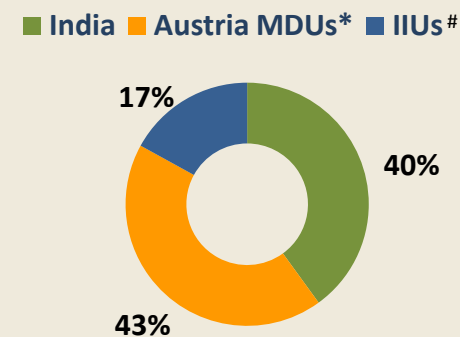
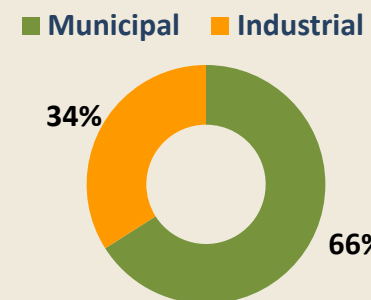
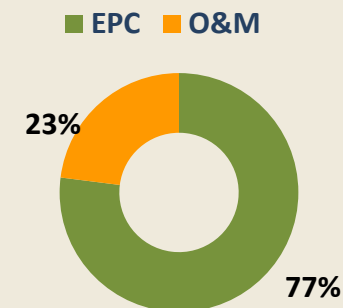
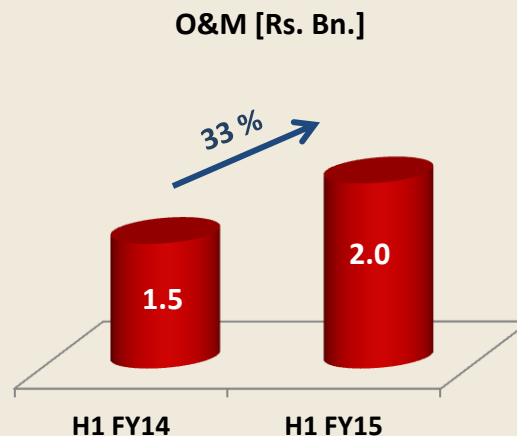
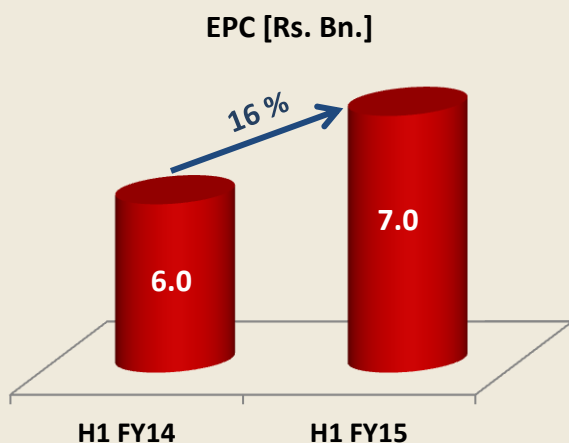
Cash Balance [Rs. Mn.]		
Rs. Millions	Sep '14	Mar'14
Cash & Bank Balance	2,416	3,702
Fixed Deposits *	990	974
Gross Cash Balance	3,406	4,676
Short-term Borrowings (WC)	1,770	1,134
Long-term Borrowings (BOOT)	781	449
<b>Net Cash</b>	<b>855</b>	<b>3,093</b>

\* Part of Other Non Current Assets

**Net Working Capital excluding Cash 72 Days**

# Revenue Breakup – H1 FY15

INR Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	1,638	1,020	706	226	3,590
Wabag Overseas	2,878	1,461	780	333	5,452
<b>Total</b>	<b>4,516</b>	<b>2,481</b>	<b>1,486</b>	<b>559</b>	<b>9,042</b>



# Key Projects contributing to Revenue – H1 FY 15

Project Details	Revenue recognized [INR Mn]
▪ Al Gubrah, Oman - 191 MLD SWRO	989
▪ DAWASA, Tanzania - 130 MLD WTP	373
▪ Nemmeli, Chennai - 100 MLD Desal, O&M	350
▪ Izmir, Turkey - 360 MLD WTP	333
▪ GECOL, Libya - Demi & ECL	312
▪ RIL Dahej, ETP	248
▪ Aiud & Ocna Mures, Romania - WWTP	245
▪ Ujams, Namibia	227
▪ Madinah Phase A - STP	225
▪ Melamchi, Nepal - 85 MLD WTP	220



# Order Intake Breakup – H1 FY15

INR Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	23	117	525	69	734
Wabag Overseas	1,911	1,604	3,330	321	7,166
<b>Total</b>	<b>3,263</b>	<b>391</b>	<b>3,855</b>	<b>390</b>	<b>7,900</b>

## Key Orders Received

## Order Value

▪ Istanbul O&M

Eur 38 Mn

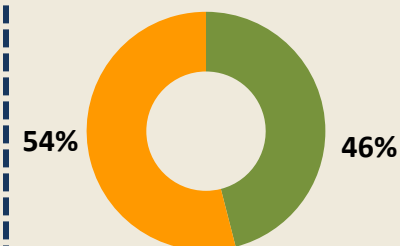
▪ Al Karj Phase 3, Saudi Arabia – WWTP

Eur 23 Mn

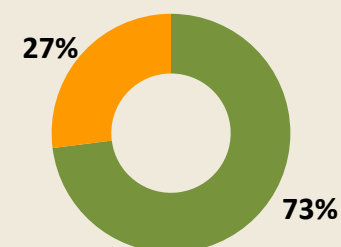
▪ Suplac, Romania – PWTP

Eur 17 Mn

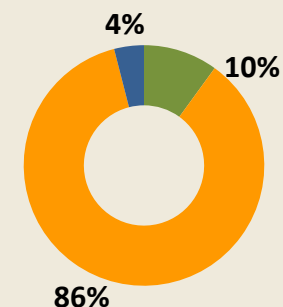
■ EPC ■ O&M



■ Municipal ■ Industrial

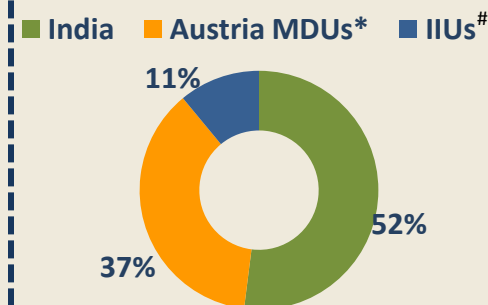
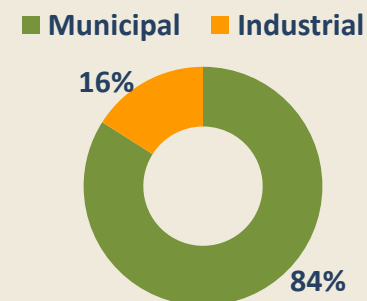
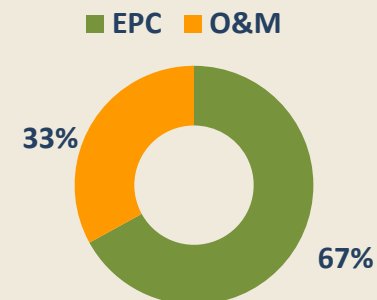
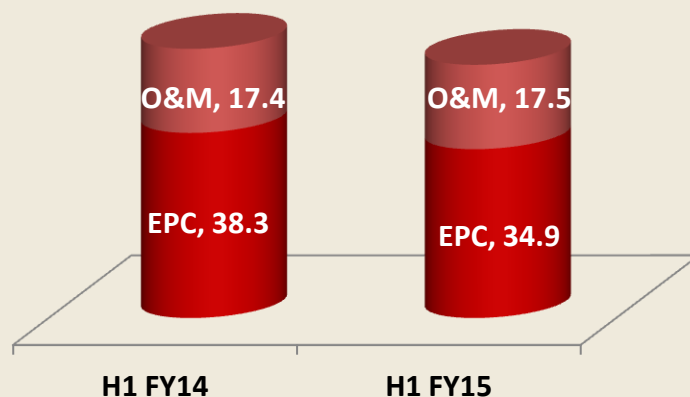


■ India ■ Austria MDUs\* ■ IIUs #



# Order Book Composition – H1 FY15

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	9,663	4,632	12,505	581	27,381
Wabag Overseas	18,146	2,497	3,797	578	25,017
Framework Contracts					16,666
<b>Total</b>	<b>27,809</b>	<b>7,129</b>	<b>16,302</b>	<b>1,159</b>	<b>69,064</b>



# Order Book of Rs. 52.4 Bn & Framework Contracts of Rs. 16.7 Bn

## Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
▪ Nemmeli, Chennai - 100 MLD Desalination O&M	4,508
▪ Ulhasnagar, Mumbai - 195 MLD WTP with O&M	3,300
▪ Istanbul, Turkey O&M	2,828
▪ OWSSB, Orissa - 100 MLD STP	2,766
▪ DAWASA, Tanzania – 130 MLD WTP	2,004
▪ BWSSB, Belandur - 90 MLD WWTP	1,881
▪ Melamchi, Nepal – 85 MLD WTP	1,355
▪ Ilugin, Phillipines–100 MLD STP	1,236
▪ Al Ghubrah, Oman - 191MLD SWRO	1,098
▪ Izmir, Turkey – 360 MLD WTP	869

## Key Framework Contracts \*

- Libya STP of Rs. 7,026 mn
- Tobruk, Libya Desal of Rs. 1,358 mn

### Framework Contracts won in H1

- Istanbul, Turkey O&M of Rs. 779 mn
- Ferganska Refinery, Uzbekistan ETP of Rs. 858 mn
- Polghawella, Sri Lanka, WTP of Rs. 6,646 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**



**For further information, please contact**

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**Company :**

VA Tech Wabag Ltd.  
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