



Creating more Wabags world over!

Passioneering takes us places

VA TECH WABAG
INVESTOR PRESENTATION
AUGUST 2014

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Business Overview



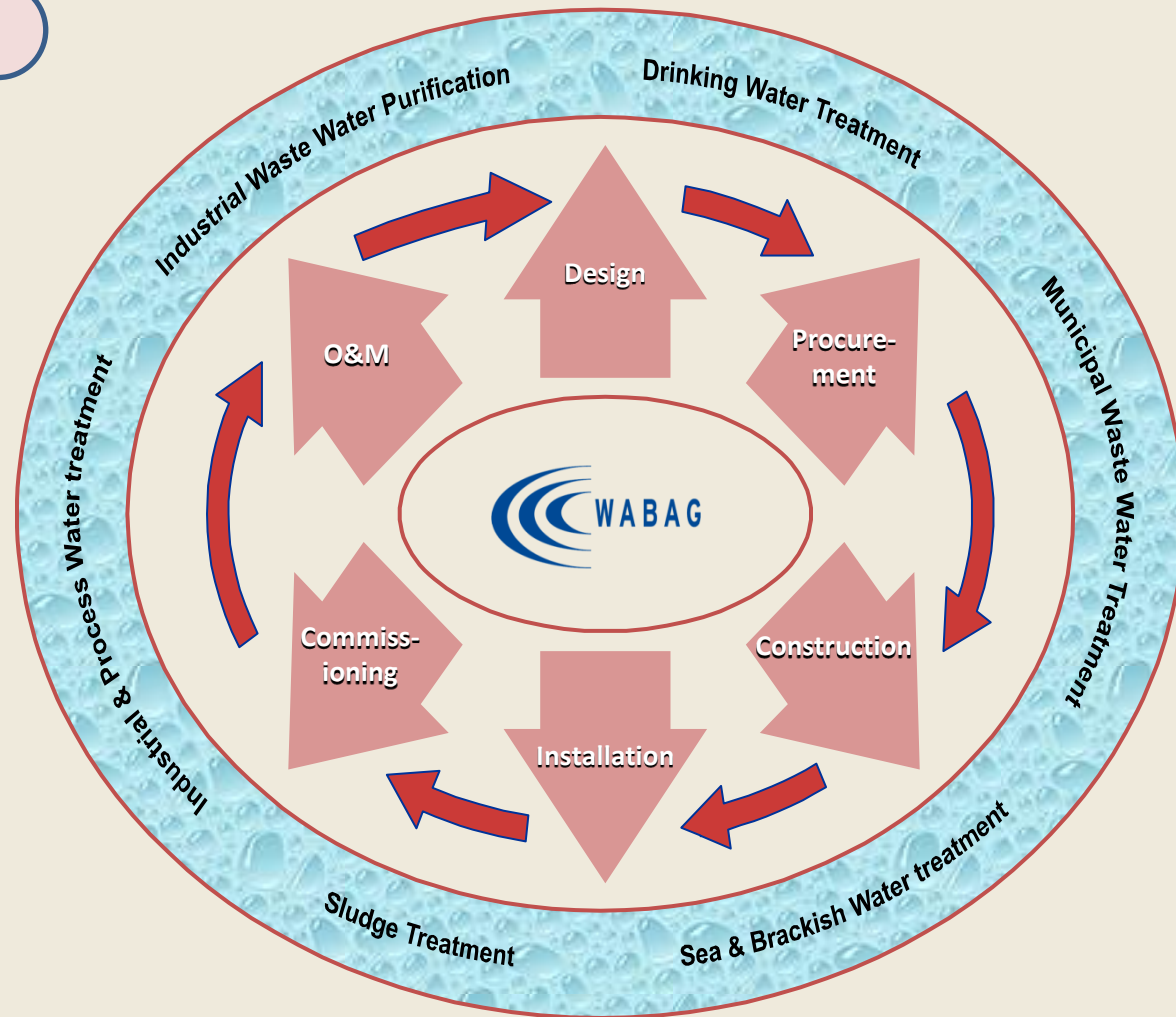
BATNA Waste Water Treatment Plant, ALGERIA

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

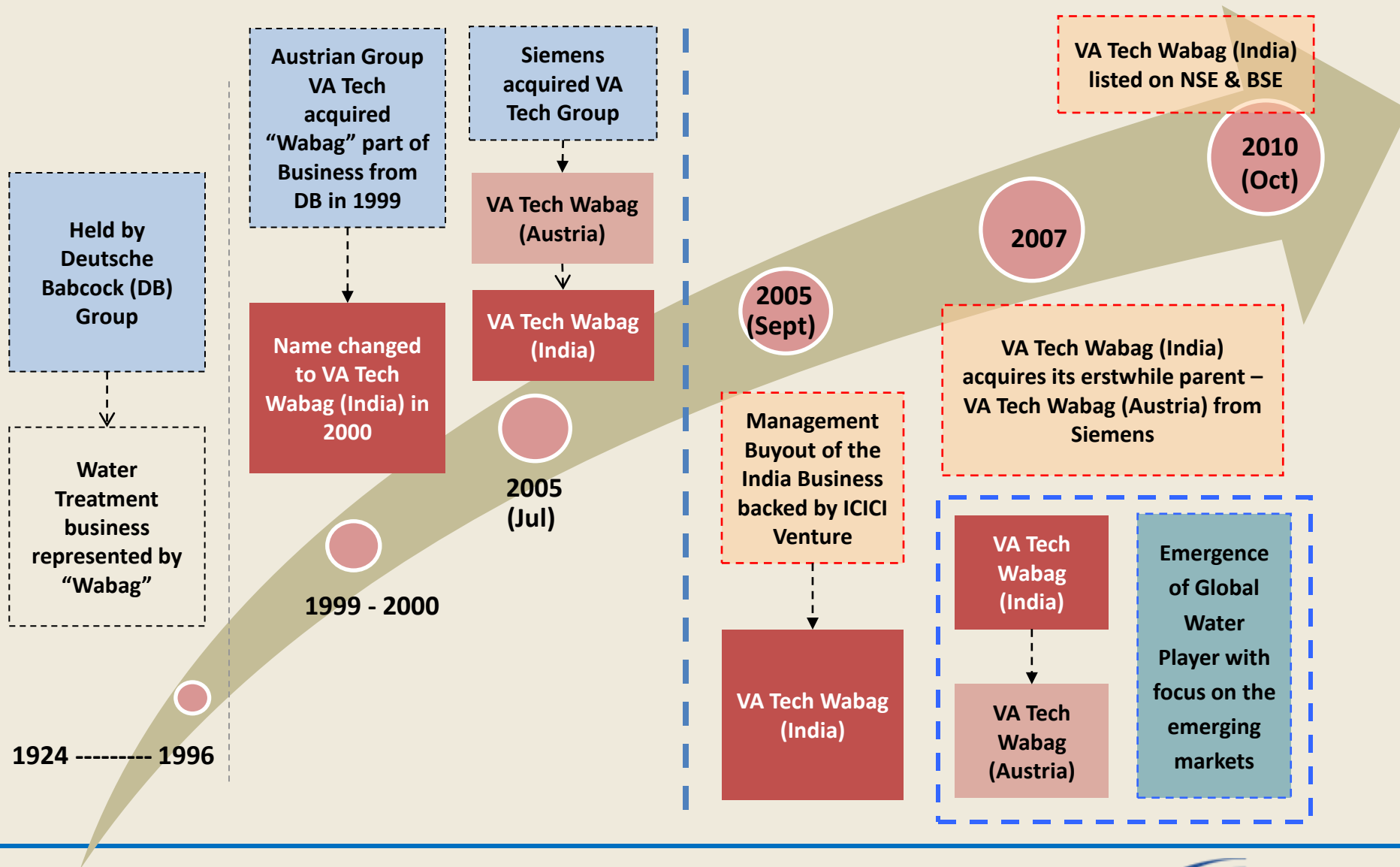
- 34 years of work experience; worked previously with Sulzer Brothers as Head of water sales.
- Responsible for project execution and research and development.



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

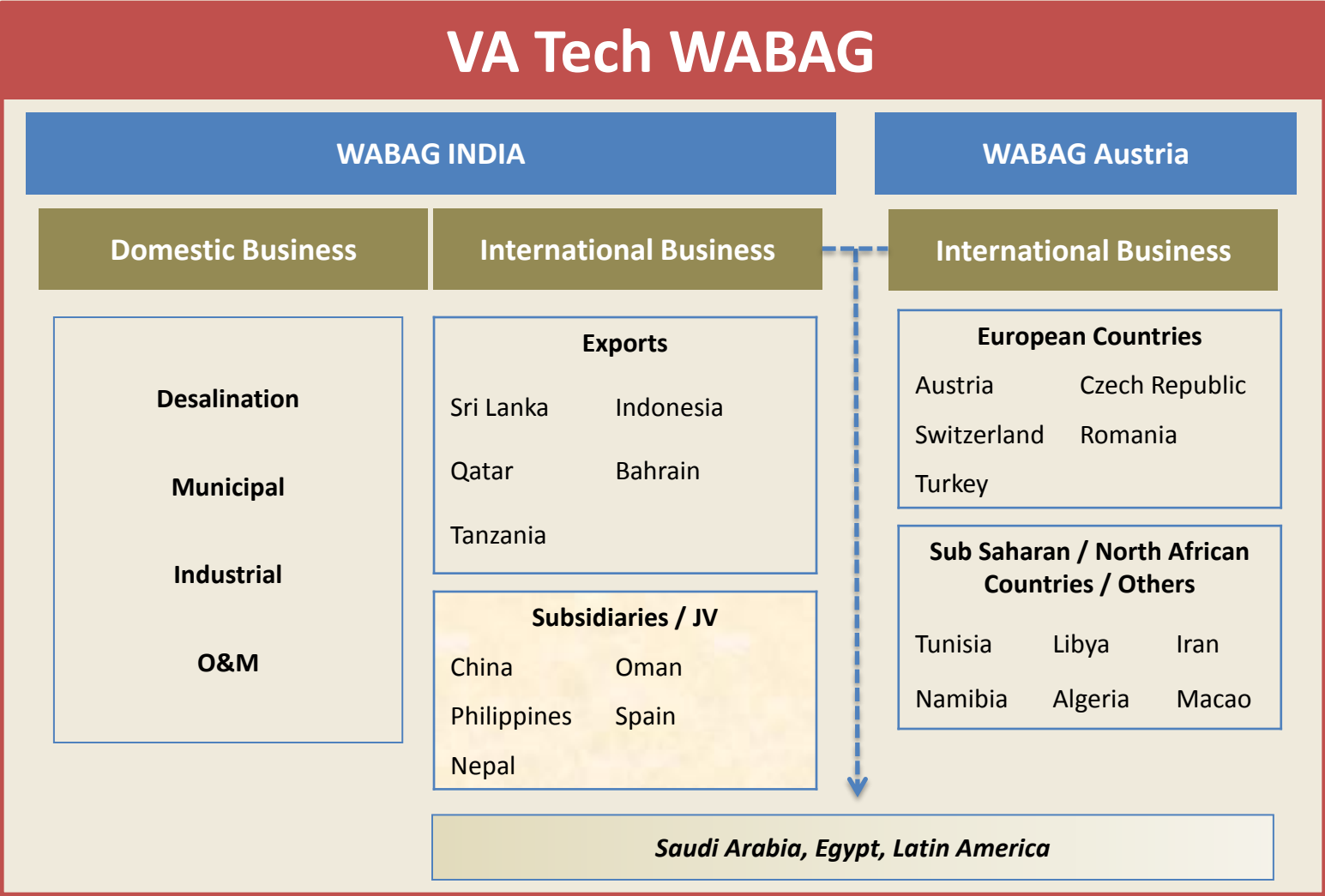
Growth in India Business

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

Acceptance of WABAG INDIA in
Overseas market

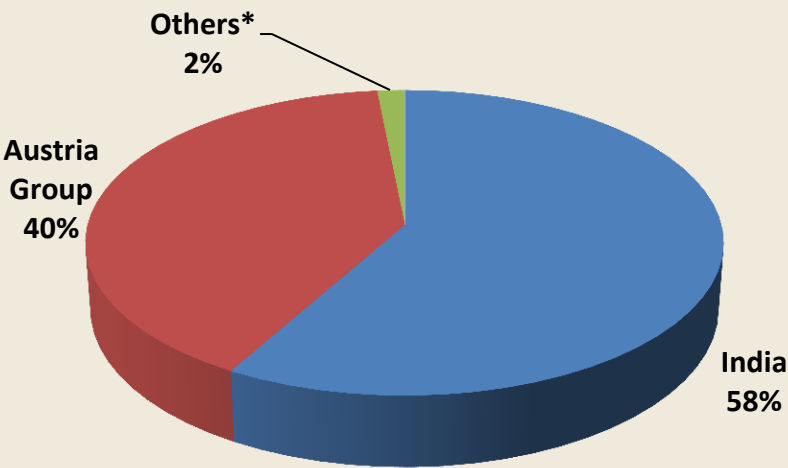
Opportunity to leverage Low
Cost Economic Advantage in
Global market

Current Business Structure

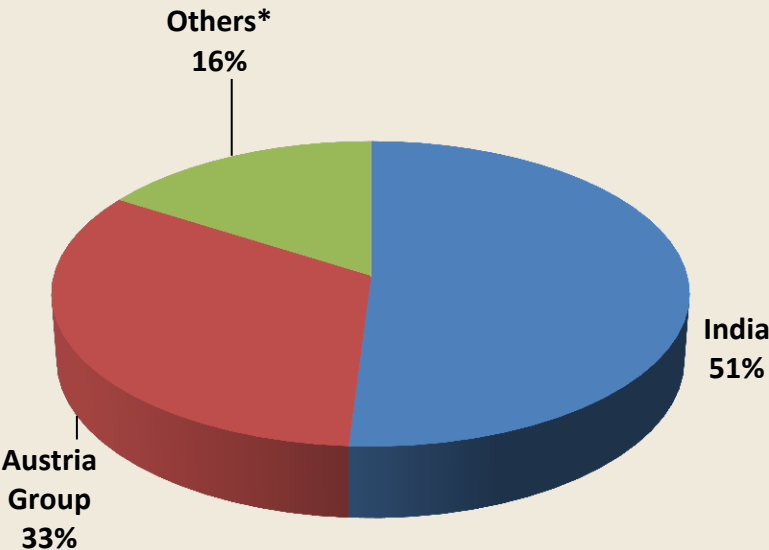


... evolving with growth in International Geographies

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

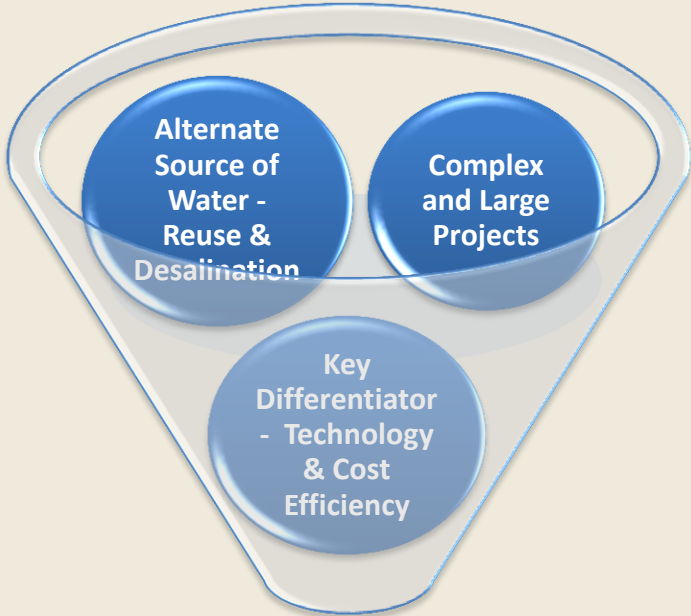
Use of Advanced Technology & R&D...

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**

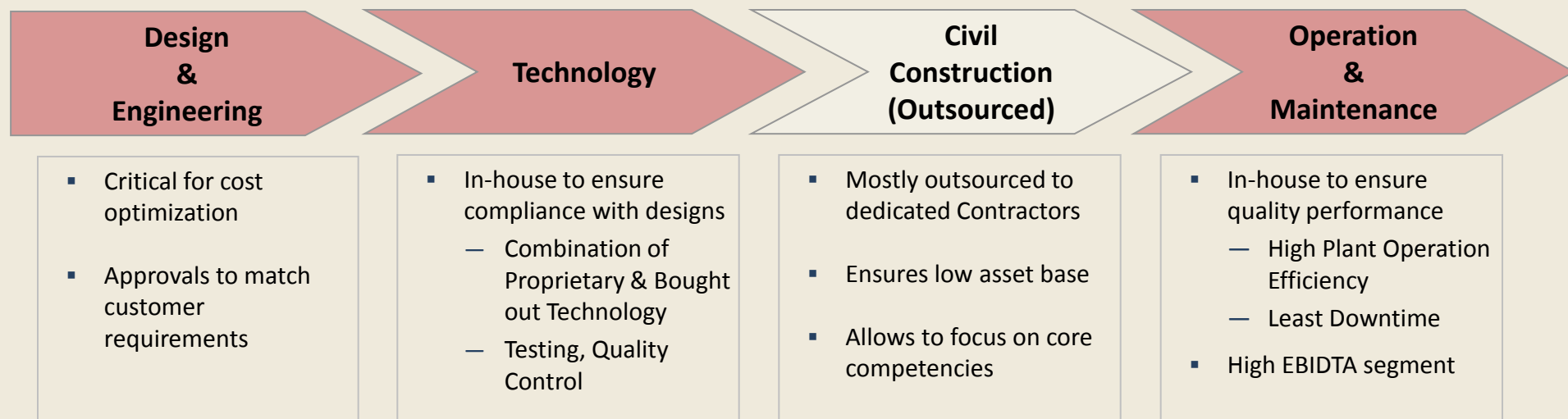
Presence in High Growth Potential Water Markets

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**

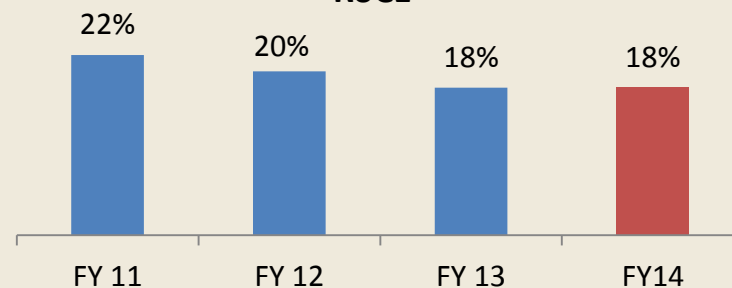
Asset Light Business Model



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



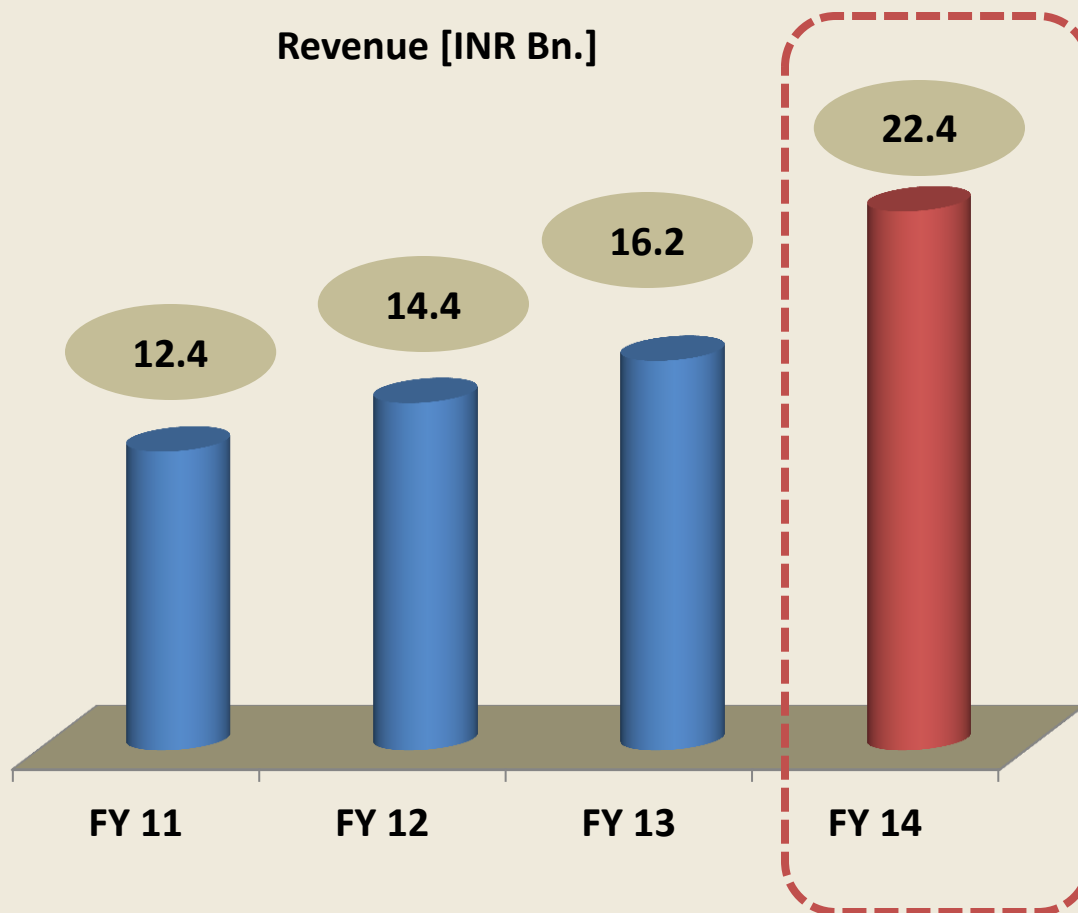
Focus on 'Value-Added & High Margin' work processes; Limits investment in Asset Base

FINANCIAL HIGHLIGHTS



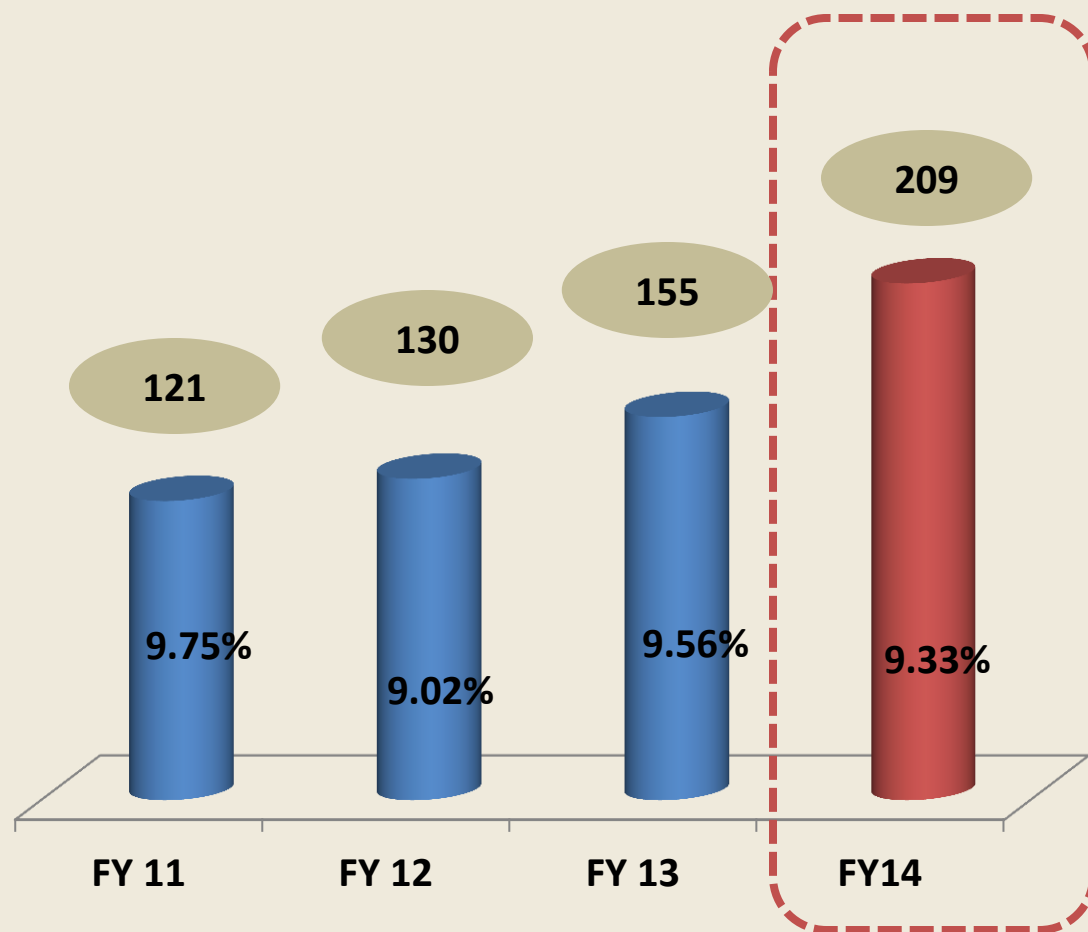
Waste Water Treatment Plant,
Turkey

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

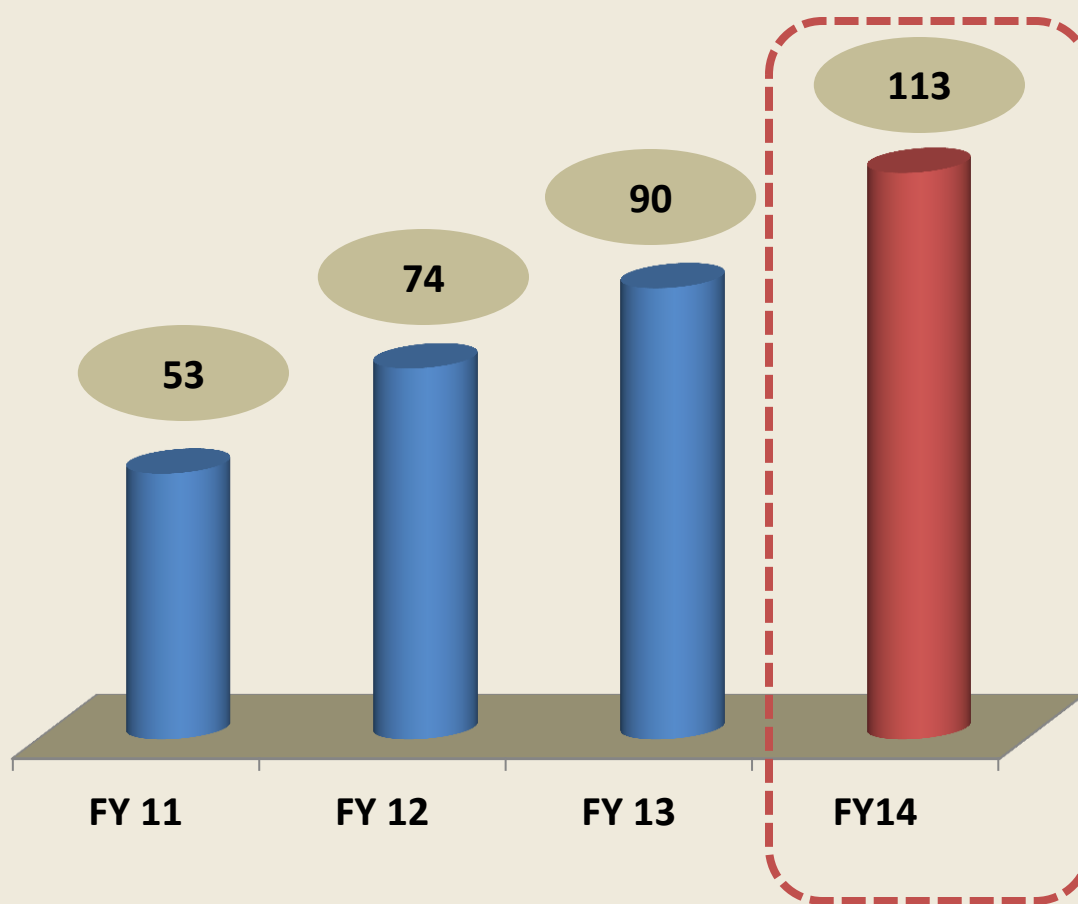
... with improved EBITDA margins...



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)

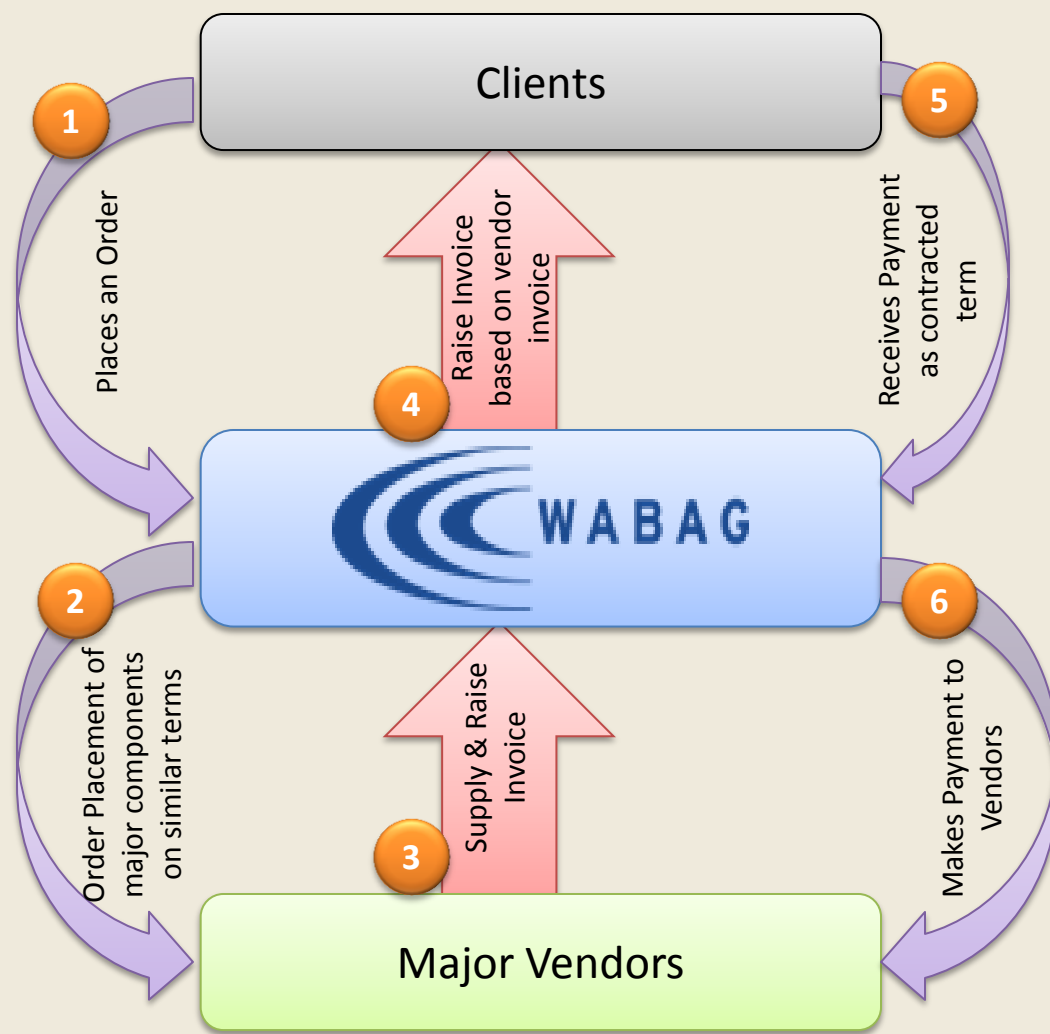
Consistent growth in PAT



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

Rs. Crs.

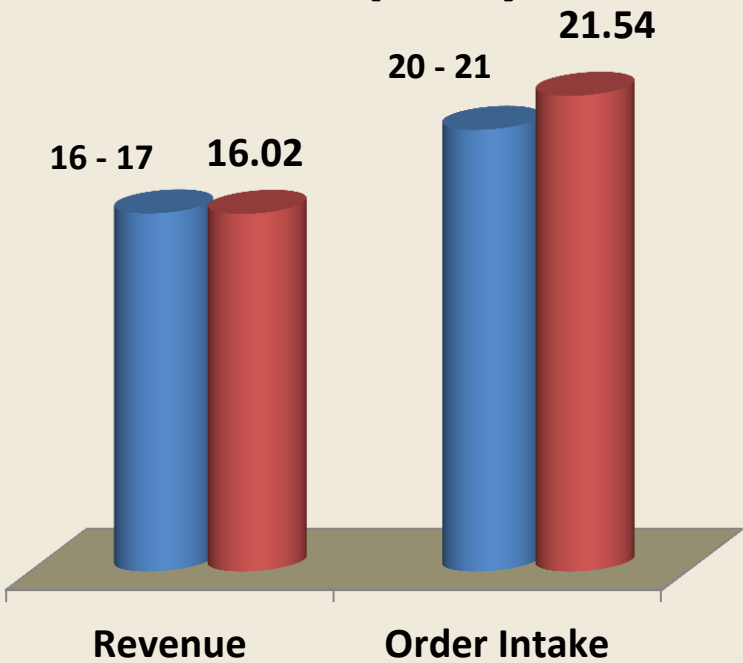
Working Capital Cycle



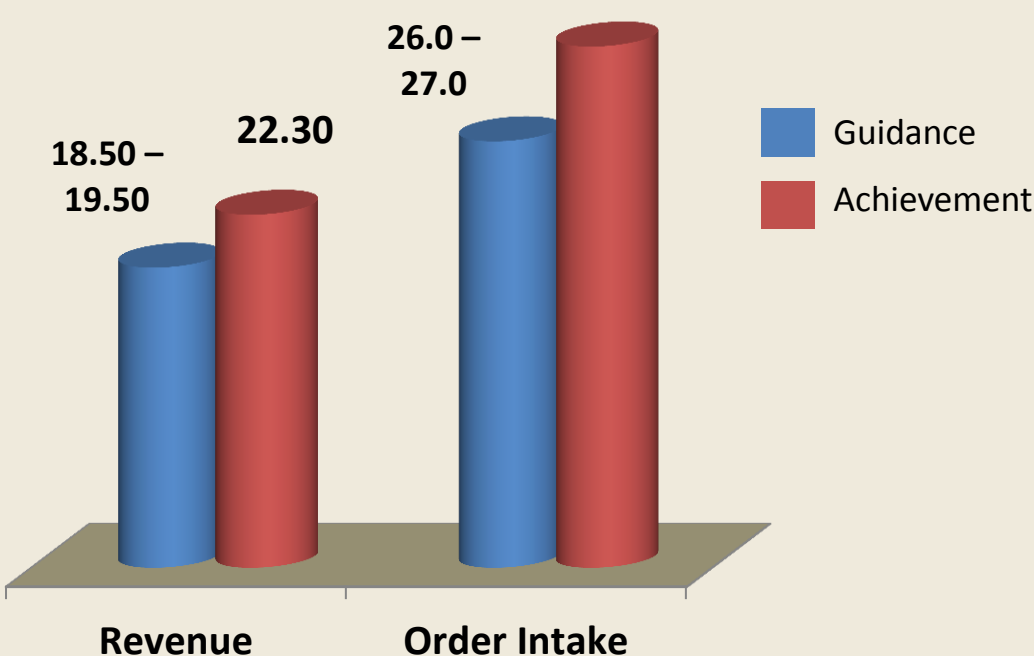
- Why are the Receivables & Payables higher on Balance Sheet date?
 - Q4 generally accounts for 40-45% of annual turnover
 - Invoice raised & recognized as Revenue that appear in Receivables, are not due for payment as per contract
 - The above applies to Payables to major Vendors too
 - Receives and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

Consistently achieving Guidance

FY 2013 [INR Bn]



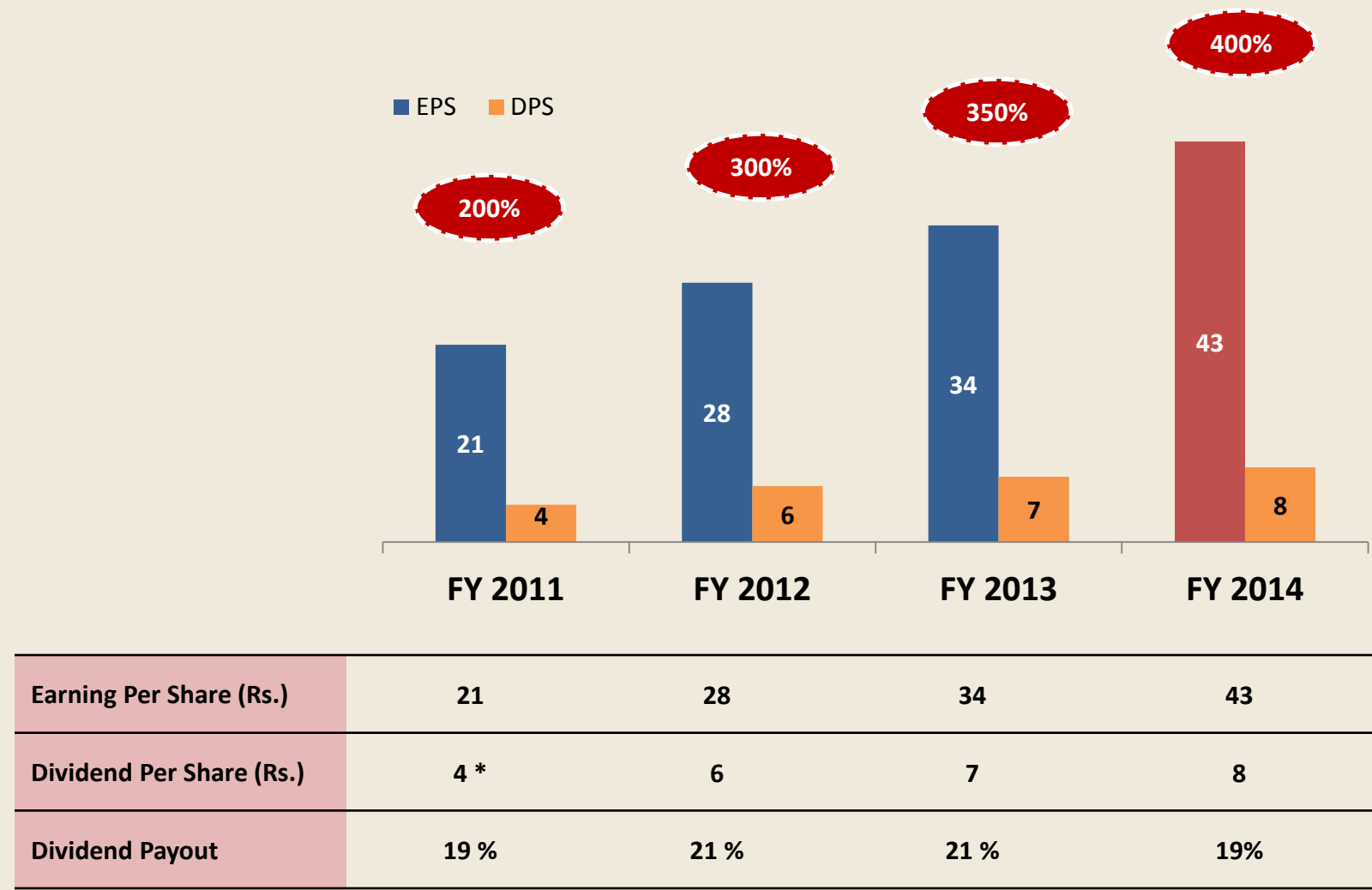
FY 2014 [INR Bn]



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



FINANCIAL 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)

FINANCIAL 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.

FINANCIAL OVERVIEW – Balance Sheet

Rs. Millions	Mar'14	Mar '13	Mar'14	Mar '13
	Consolidated		Standalone	
Net Worth	8,410	7,154	6,028	5,366
Minority Interest	28	19	-	-
Non-Current Liabilities	2,276	1,147	1,625	853
Trade Payables	8,620	6,890	5,444	5,336
Other Current Liabilities	5,024	3,696	2,925	1,975
Total Liabilities	24,357	18,906	16,023	13,530
Fixed Assets	1,199	835	1,019	713
Intangible Assets under Development (BOOT Investment)	685	154	-	-
Other Non-Current Assets	2,121	1,517	2,269	1,599
Trade Receivables	13,875	11,095	9,237	7,823
Cash & Bank Balances	3,702	2,867	1,564	1,714
Other Current Assets	2,776	2,439	1,934	1,681
Total Assets	24,357	18,906	16,023	13,530

- Consol Payables (CL) 141 days Sales against PY 157 days. Consol Receivables (CA) 227 days CY vs 252 days PY.
- Non current liabilities increased due to Long Term borrowing for BOOT project in Namibia INR 449 Mn & rest due to increase in long term India Project related retentions/ payables.
- Net cash (Cons) in Balance Sheet INR 3093 Mn. Company extended payment support to subcontractors for expediting execution during the year.

FINANCIAL OVERVIEW – Working Capital Highlights

Rs. Millions	Mar'14	Mar '13
Current Investments	200	
Inventories	350	405
Trade Receivables	13875	11095
Loans and Advances	995	1115
Cash & Bank Balances	3702	2867
Other Current Assets	1232	919
Total Current Assets (A)	20353	16401
Short-term borrowings	1133	796
Trade Payables	8620	6890
Other Current Liabilities and Provisions	3891	2900
Total Current Liabilities (B)	13643	10586
Net Working Capital without Cash (NWC)	3008	2948
Net Working Capital without Cash (No. of Days)	49	67

Net working Capital No. of days as on 31st March 2014 has dropped to 49 days from 67 days as on 31st March 2013.

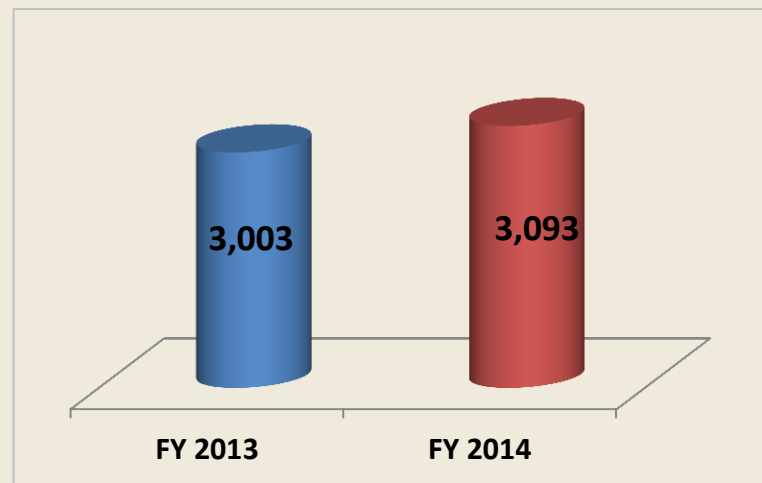
49 Days Net Working Capital excluding Cash for FY 2014

Cash Balance & ROCE

Increase in Net Cash [Rs. Mn.]

	Mar'14	Mar '13
Cash & Bank Balance	3,702	2,867
Fixed Deposits *	974	958
Gross Cash Balance	4,676	3,825
Borrowings	1,583	822
Net Cash	3,093	3,003

* Part of Other Non Current Assets



ROCE

	Mar'14	Mar '13
EBIT	1,786	1,431
Capital Employed	9,993	7,976
Net Worth	8,410	7,154
Borrowings	1,583	822
ROCE	18%	18%
EBIT excl. Interest Income	1,657	1,299
Capital Employed (excl. Cash)	5,317	4,151
Cash Balance	4,676	3,825
ROCE (excl. Cash)	31%	31%

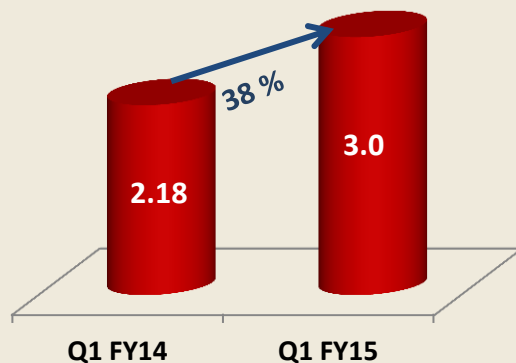
ROCE = EBIT / Capital Employed

Annexure:

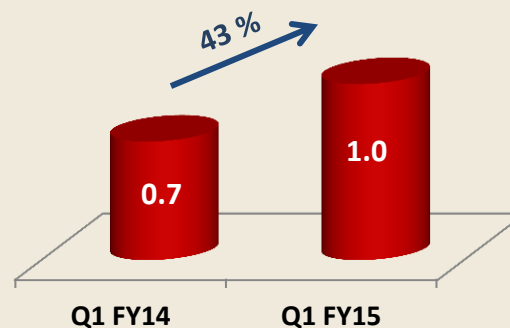
REVENUE BREAKUP - Q1FY15

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

EPC [Rs. Bn.]

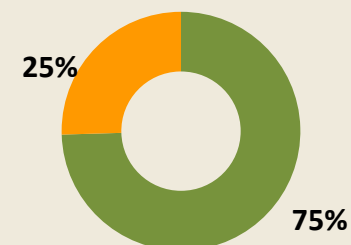


O&M [Rs. Bn.]

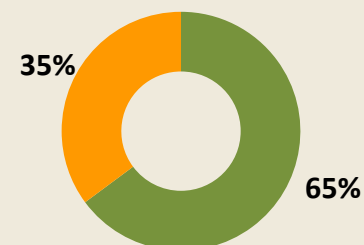


O&M revenue targeted to increase from CY 20% level to 25% over a period of 3-4 years

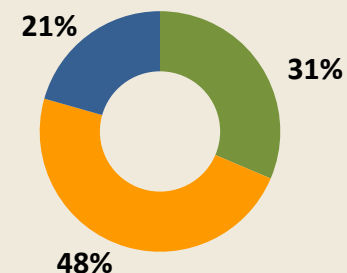
■ EPC ■ O&M



■ Municipal ■ Industrial



■ India ■ Austria MDUs* ■ IIUs #

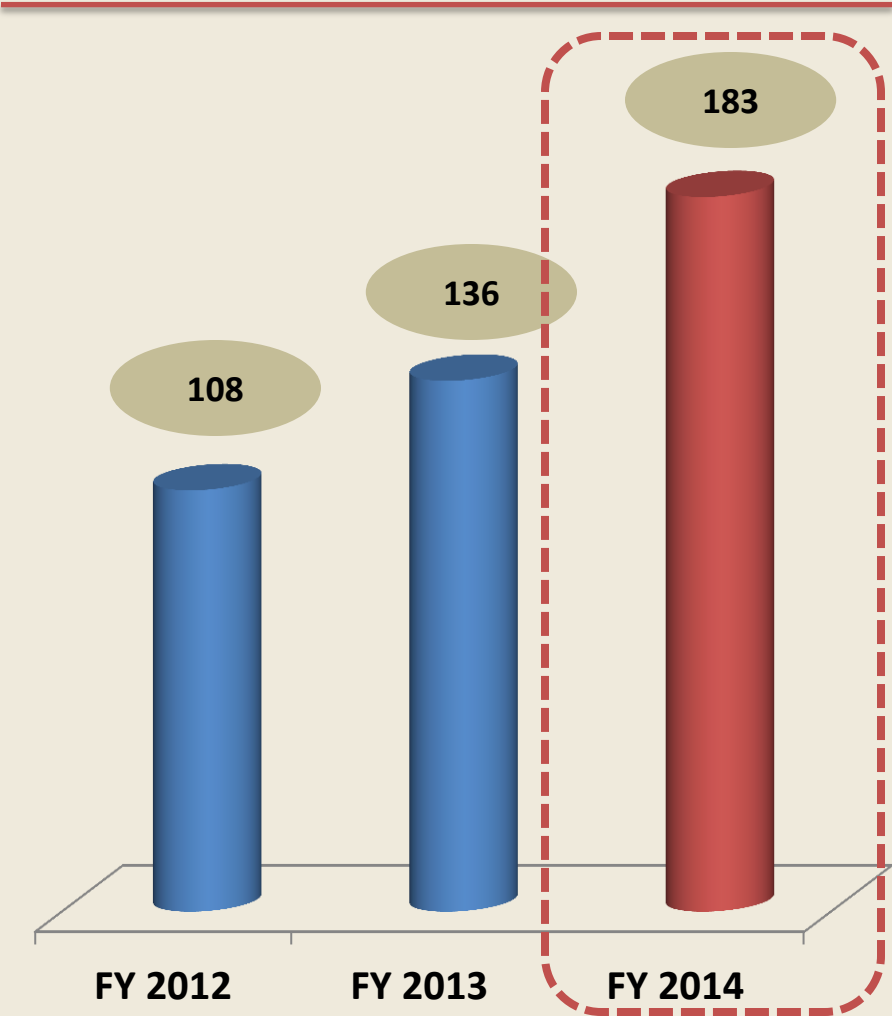


KEY PROJECTS CONTRIBUTING TO Q1-FY15 REVENUE

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

Increase in Average Order Size

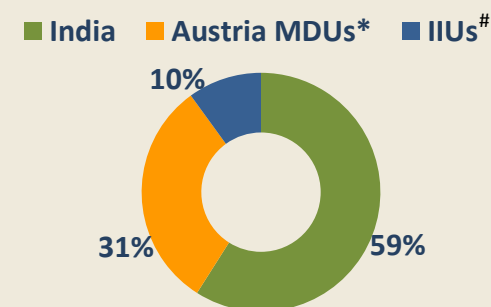
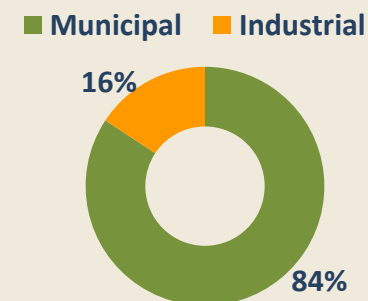
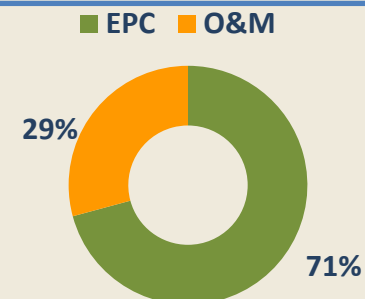
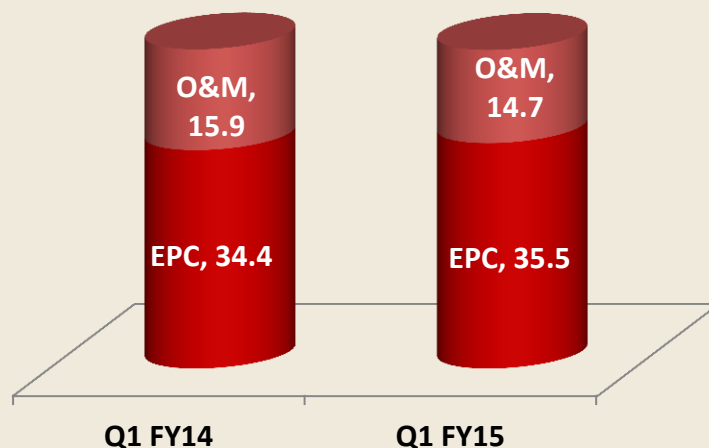
70% Increase in ticket size [Rs. Crs.] *



Petrobrazi, Romania

ORDER BOOK COMPOSITION – Q1FY15

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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