



# VA TECH WABAG

## Investor & Analyst Meet

10<sup>th</sup> February 2014



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# Business Overview



Water Treatment Plant, Meenad, Kerala

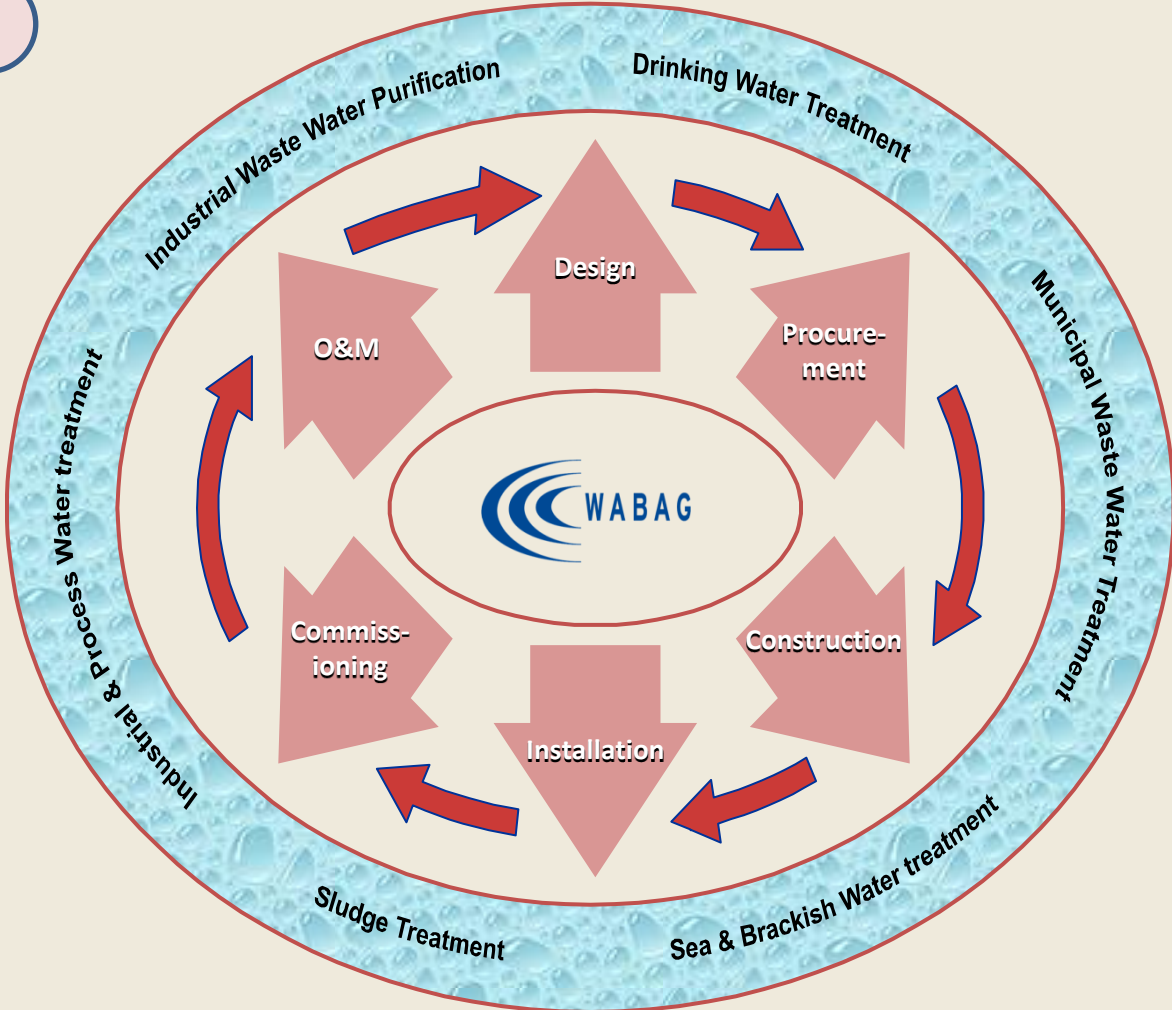
## Complete Water Treatment Solution Provider...

- ✓ 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

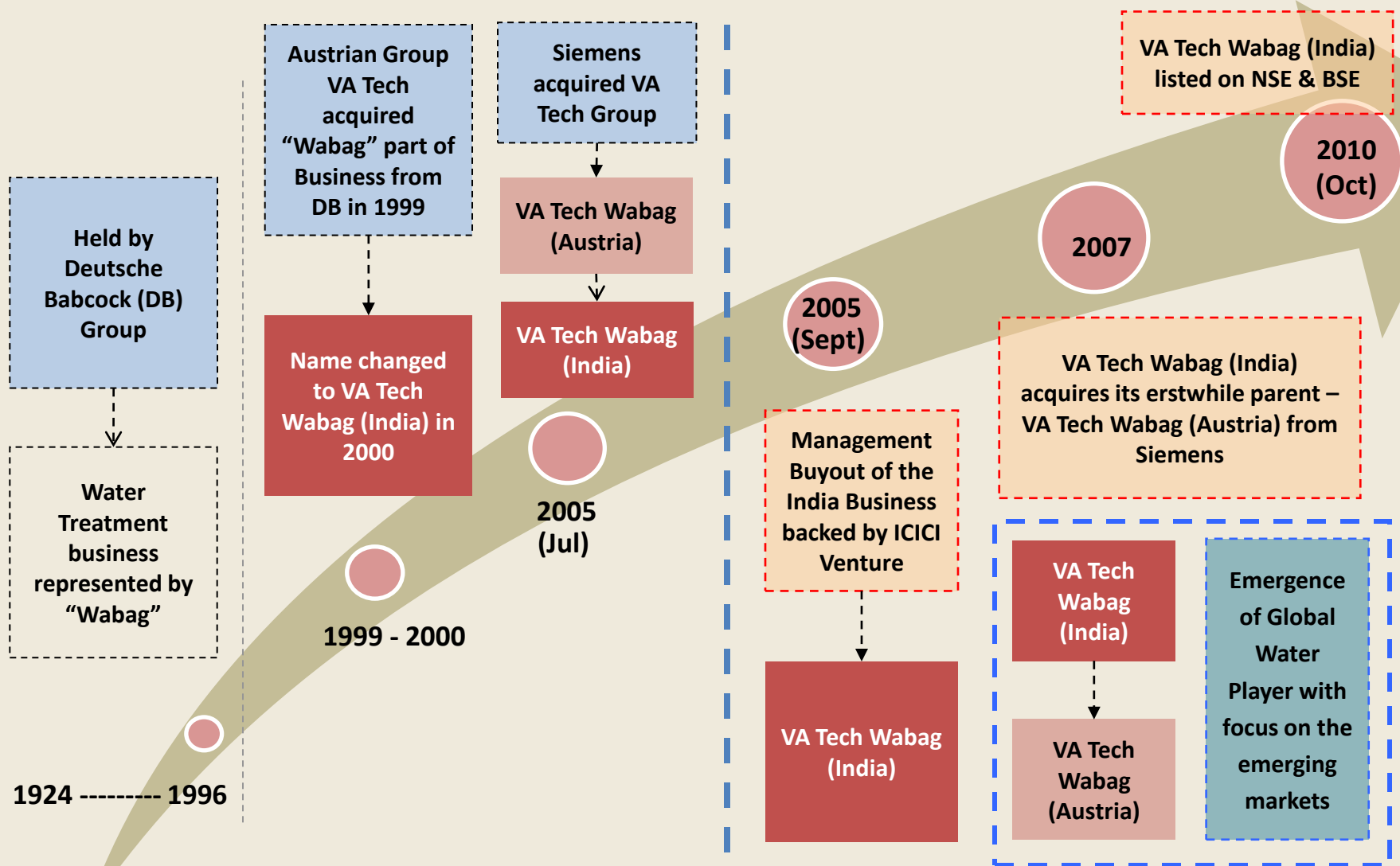


# Offering a complete range of solutions across project lifecycle

- ✓ 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



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



# ... Strengthen the Positioning in Water Treatment Sector

## Wabag Austria acquisition brought along...

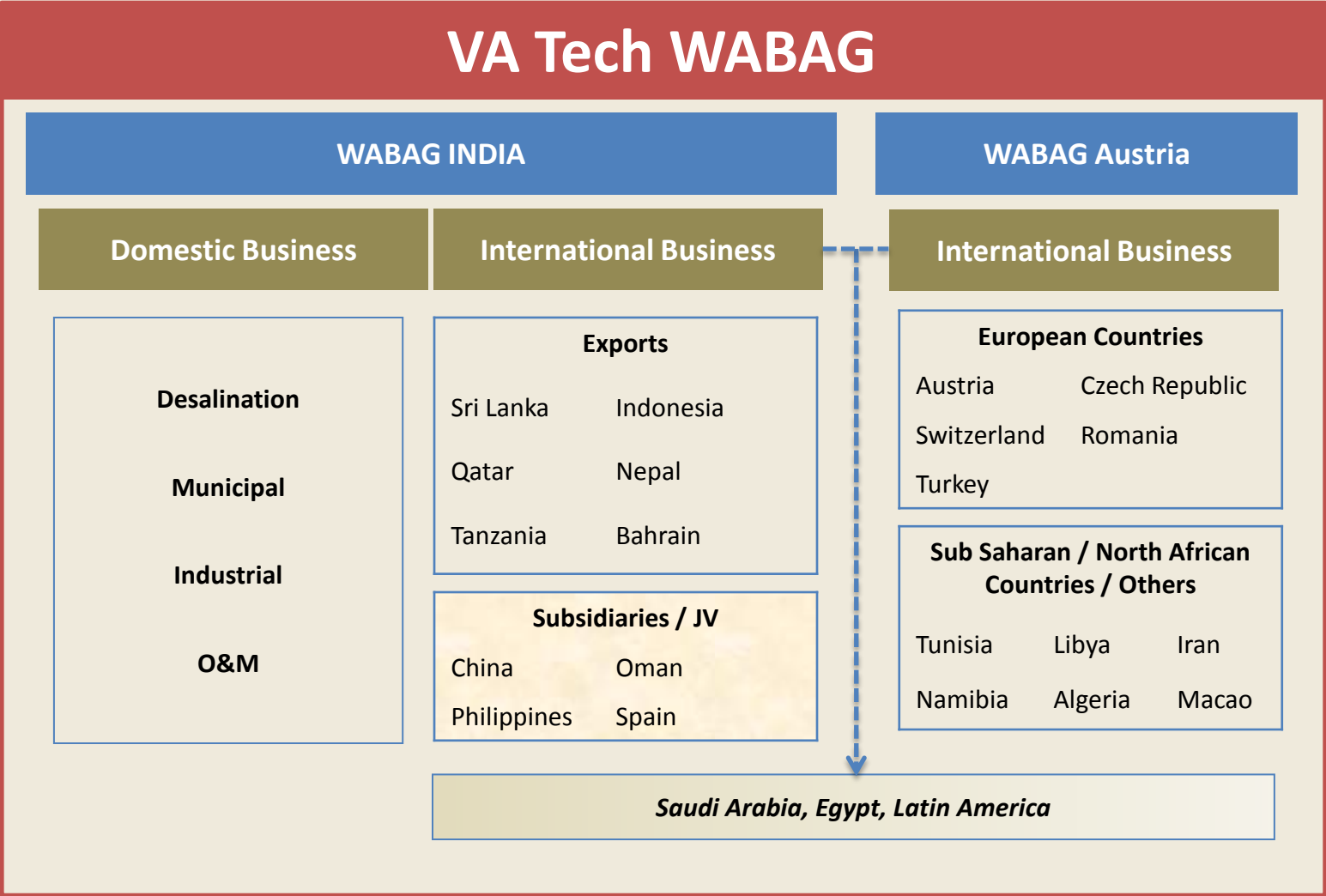
- Technical Know-how – Access to over 100 Patents & Experienced Manpower
- Perennial Rights to “WABAG” brand - Established in 1924
- Project References in more than 19 countries helps P/Q
- Access to Global geographies



## ... facilitated to Achieve

- Growth in India Business**  
Revenue grew over 3 times  
From Rs. 332 Crs to Rs. 1041 Crs
- Acceptance of WABAG INDIA in Overseas market**
- Opportunity to leverage Low Cost Economic Advantage in Global market**

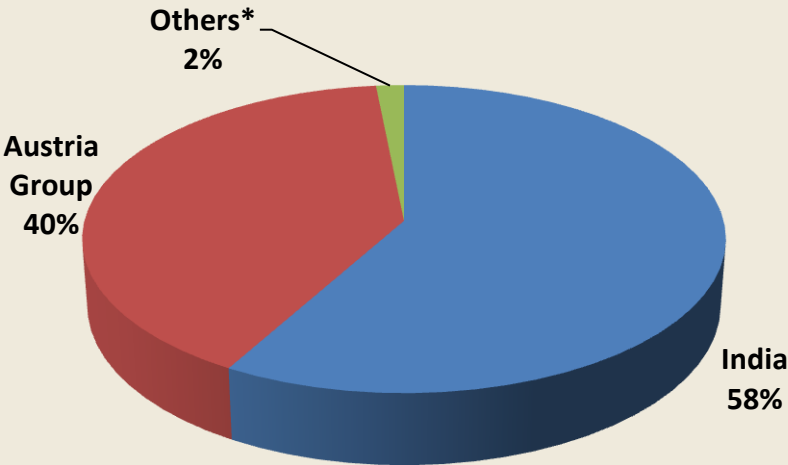
# Current Business Structure ...



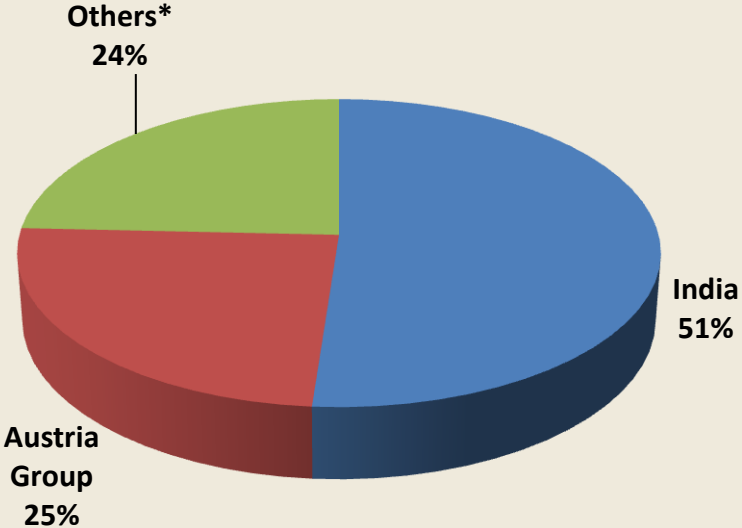


# ... evolving with growth in International Geographies

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



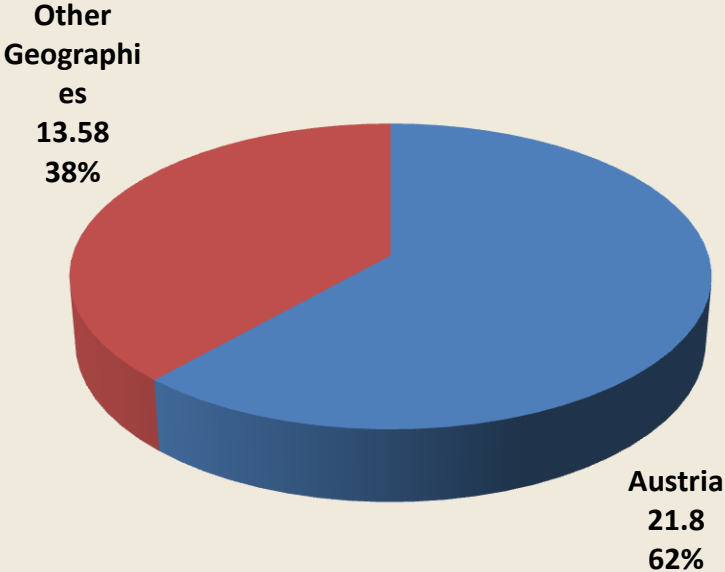
Order Intake (Rs. 2,155 Crs.) in FY 2013



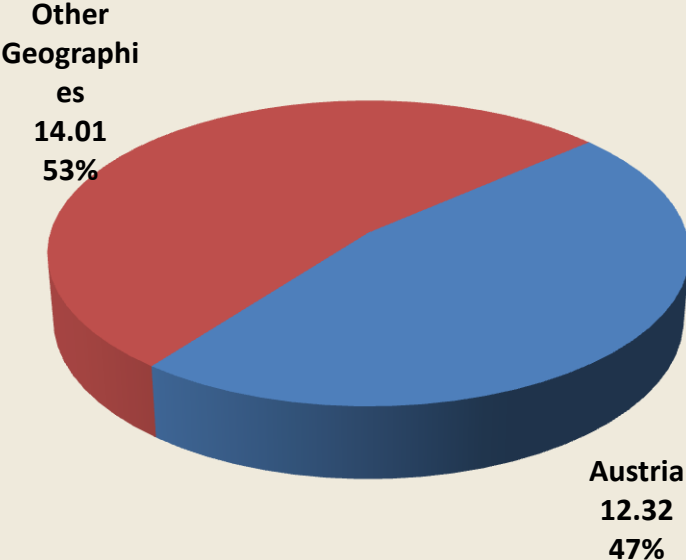
Leveraging Indian resources for gaining momentum in International Geographies

# Moving Closer to Clients.....

**Total Cost of Operation in Wabag Austria Group  
(Euro 35 Mn) in FY 2009**



**Total Cost of Operation in Wabag Austria Group  
(Euro 26 Mn) in FY 2013**



**Reduced expenses in High Cost Geography  
Invested in High Potential Water Markets by establishing Local Presence (MDUs)**

# Our Key Strengths



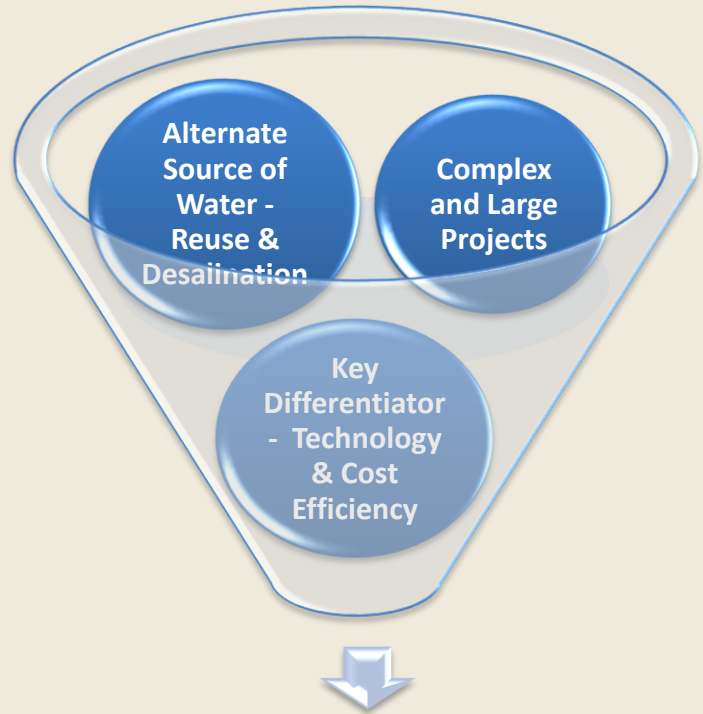
**Chirita, Water Treatment Plant,  
Romania**

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

## Advanced Technology & Patented Products/Processes

High quality treated water – Technology is the deciding factor

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®	



**ADVANCED EUROPEAN TECHNOLOGY @ LOCAL COST**

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

# Presence in High Growth Potential Water Markets

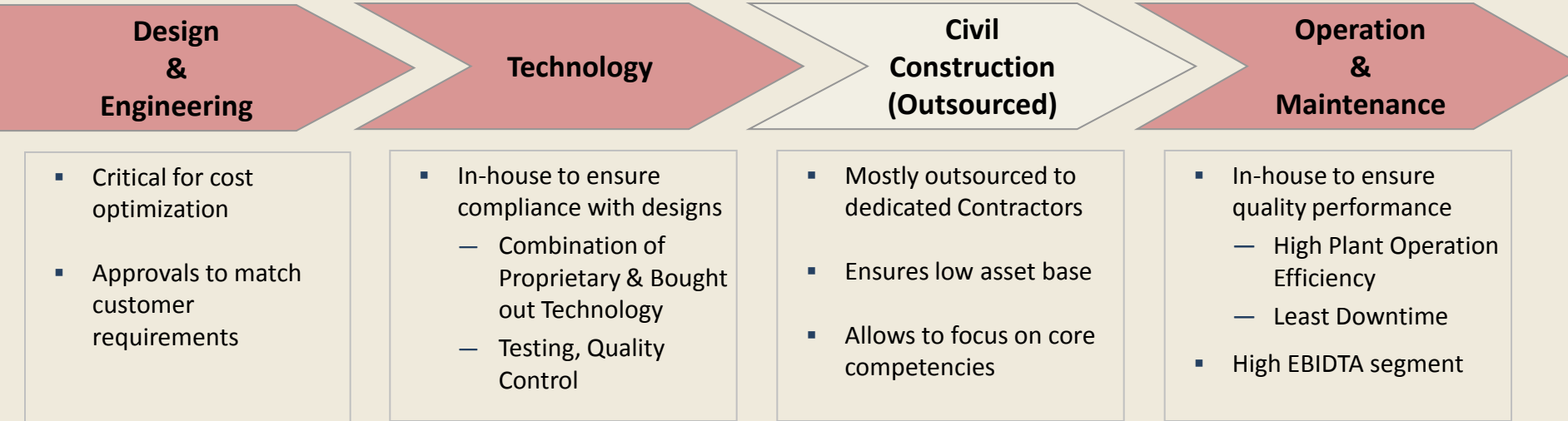
Countries	Market \$Bn	CAGR Range
US	107.0	10-15%
China	← 47.0	6-10%
Italy	← 16.0	10-15%
Brazil	← 15.0	10-15%
Spain	← 11.0	15%+
Saudi Arabia	← 8.5	6-10%
Mexico	← 7.3	6-10%
South Africa	6.1	6-10%
India	← 5.9	10-15%
UAE	← 4.4	10-15%

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**

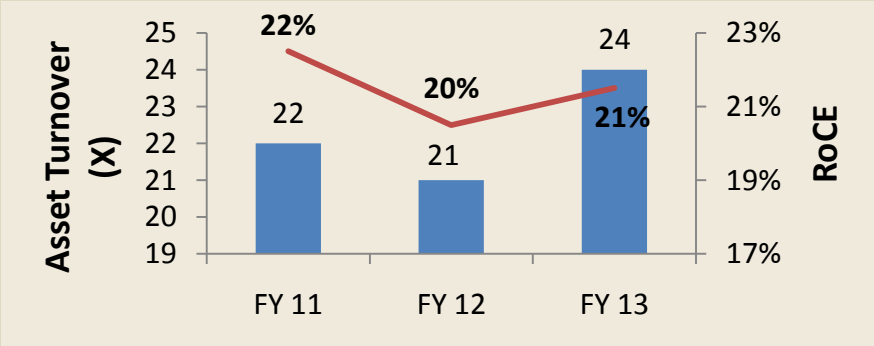


# Asset Light Business Model



## 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



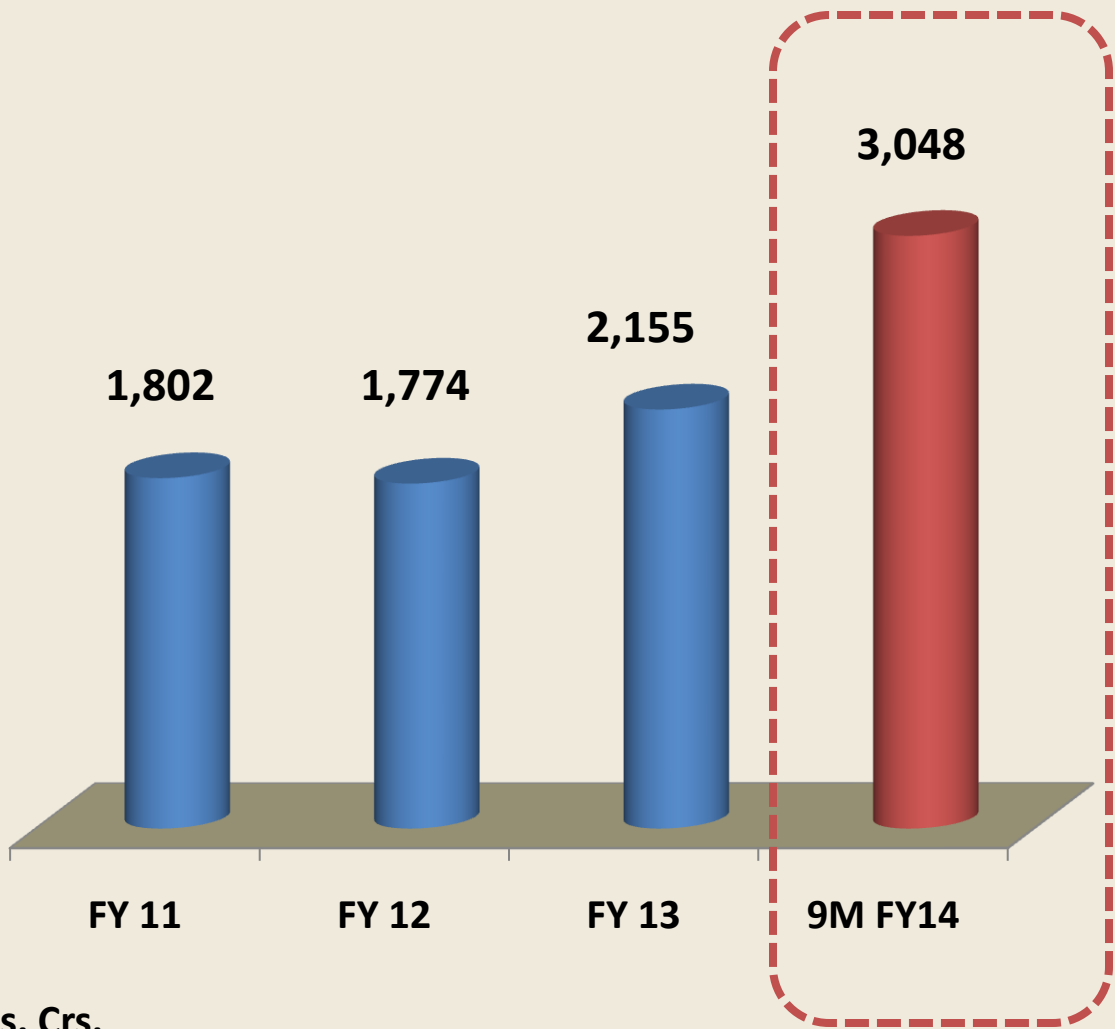
**Focus on 'Value-Added & High Margin' work processes; Limits investment in Asset Base**

# FINANCIAL HIGHLIGHTS



Waste Water Treatment Plant,  
Turkey

# Consistent Order Intake across geographies...

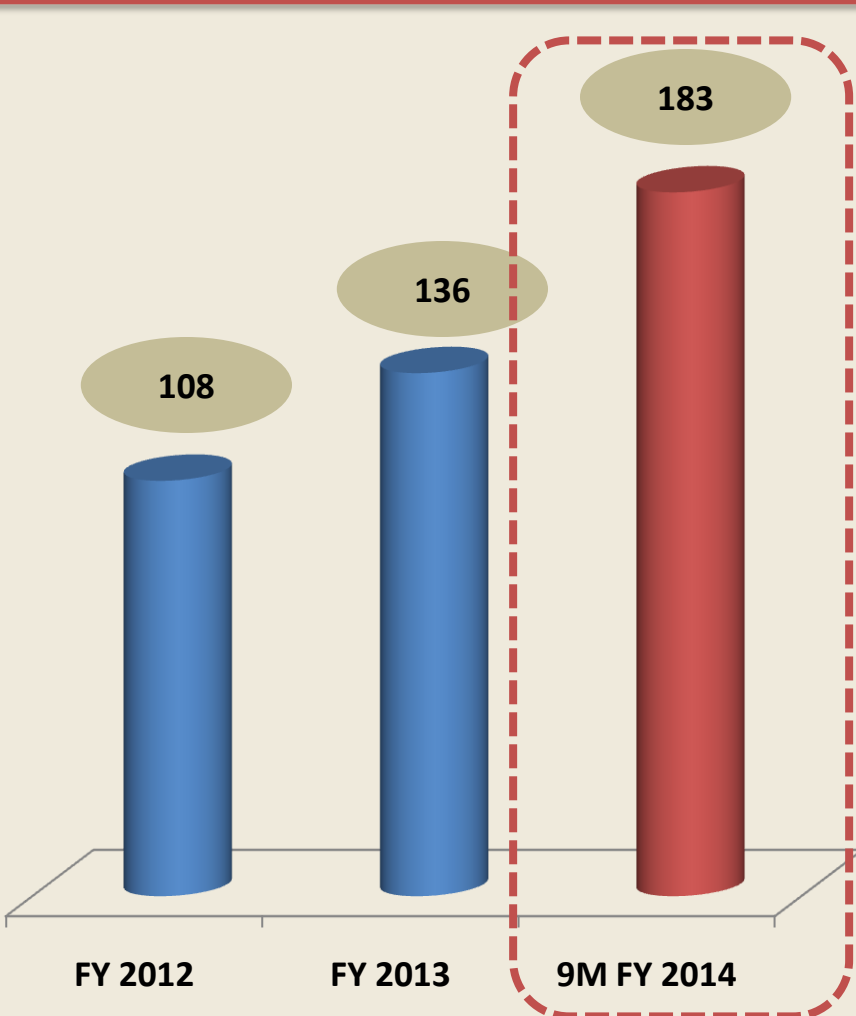


- ✓ Growth in Order Intake despite Global Economic Slowdown, Arab Spring & Policy Paralysis in India
- ✓ Converted Threat into Opportunity – Robust Order Intake Growth in Overseas Business
- ✓ Rs. 398 Crs. of Framework Contracts added in 9M FY14 of which Rs. 244 Crs. moved to firm Order Book in Jan 14

Rs. Crs.

# Increase in Average Order Size

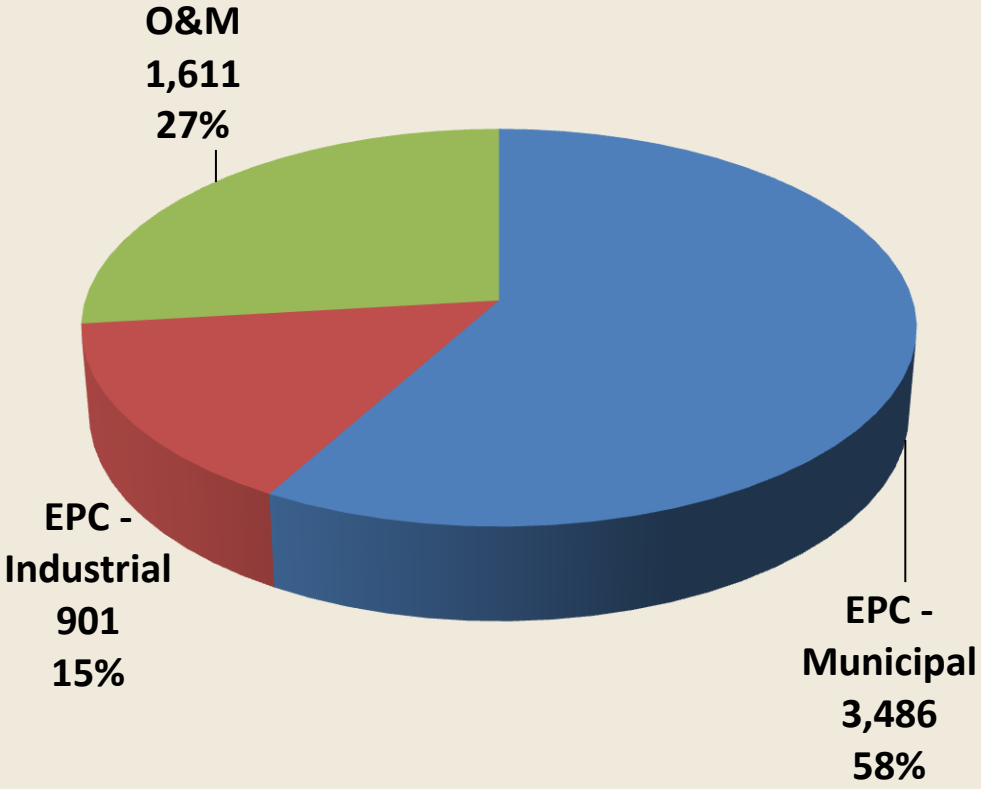
70% Increase in ticket size [Rs. Crs.] \*



Petrobrazi, Romania

\* Average of Order intake of Top 10 projects during Financial year

# Current Order Book of Rs. 6,000 Crs.

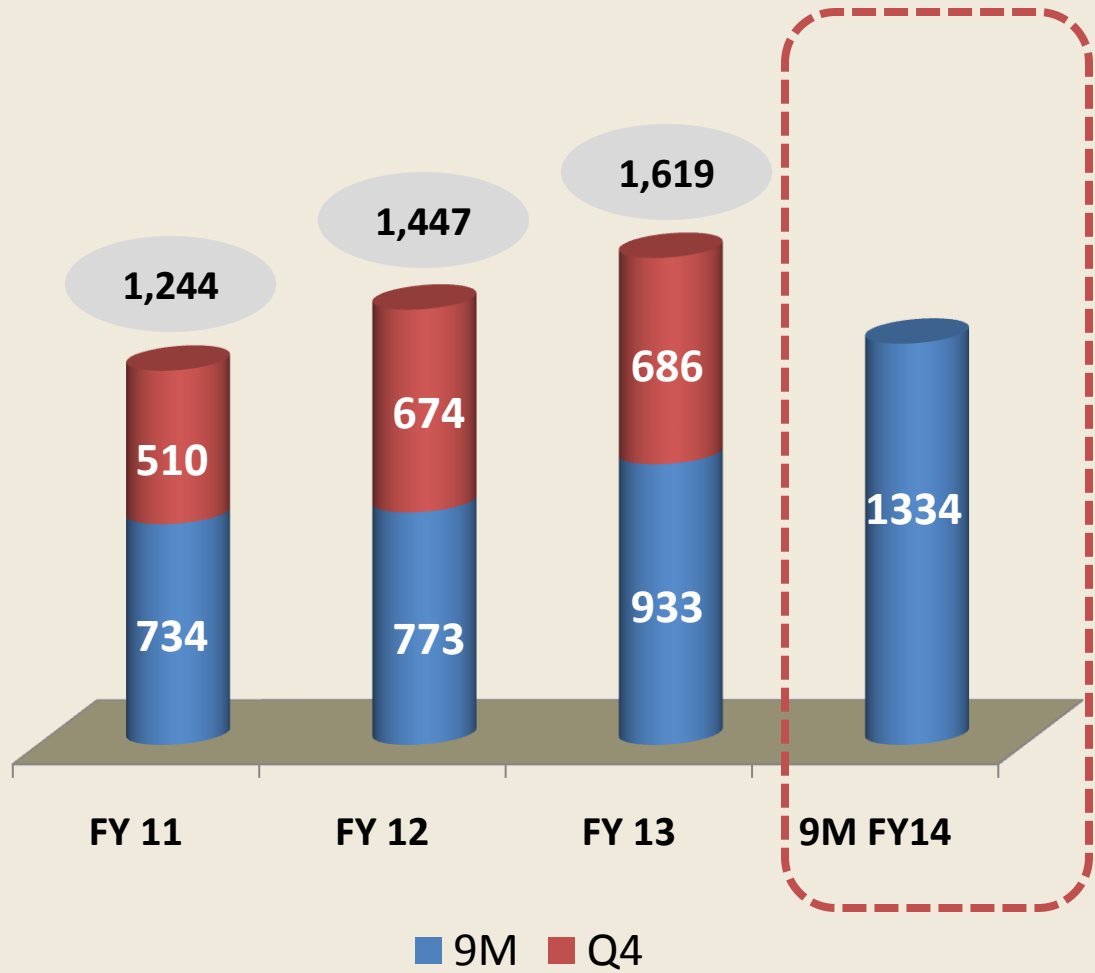


Rs. Crs.

- ✓ Average execution period for Municipal Orders – 24 months & Industrial Orders – 12 to 15 months
- ✓ Most of Municipal Orders backed by funding from Multilateral / JNNURM / Central Govt /LCs.
- ✓ Industrial Orders from reputed companies like Reliance Industries, BHEL, NTPC, IOCL, etc.
- ✓ Framework Contract of Rs. 1,169 Crs. of which Rs. 244 Crs. moved to firm Order Book in Jan 14



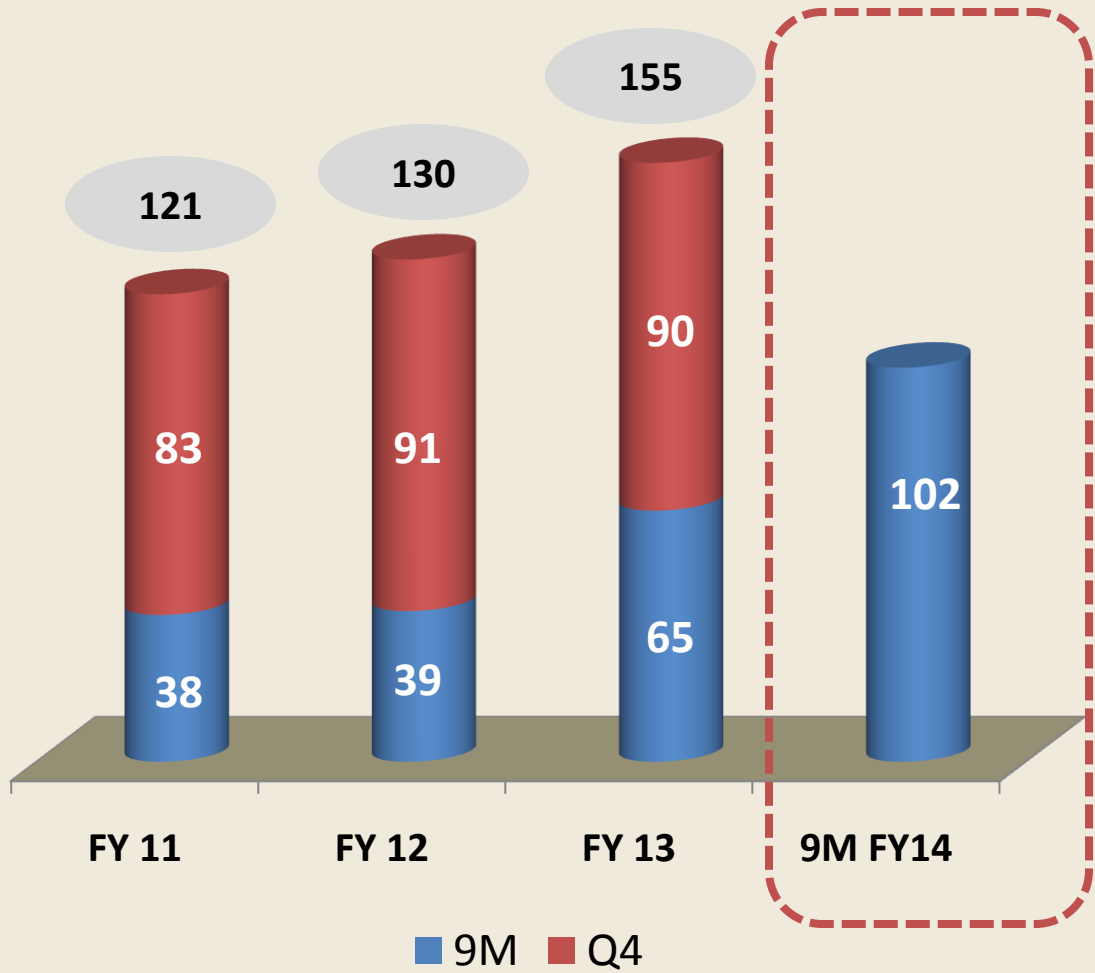
# Robust Revenue Growth...



- ✓ Well Diversified Geographical Presence reduces dependence on Single Country
- ✓ Ability to convert Order book in to Revenue despite temporary geographical set back and other economic issues

Rs. Crs.

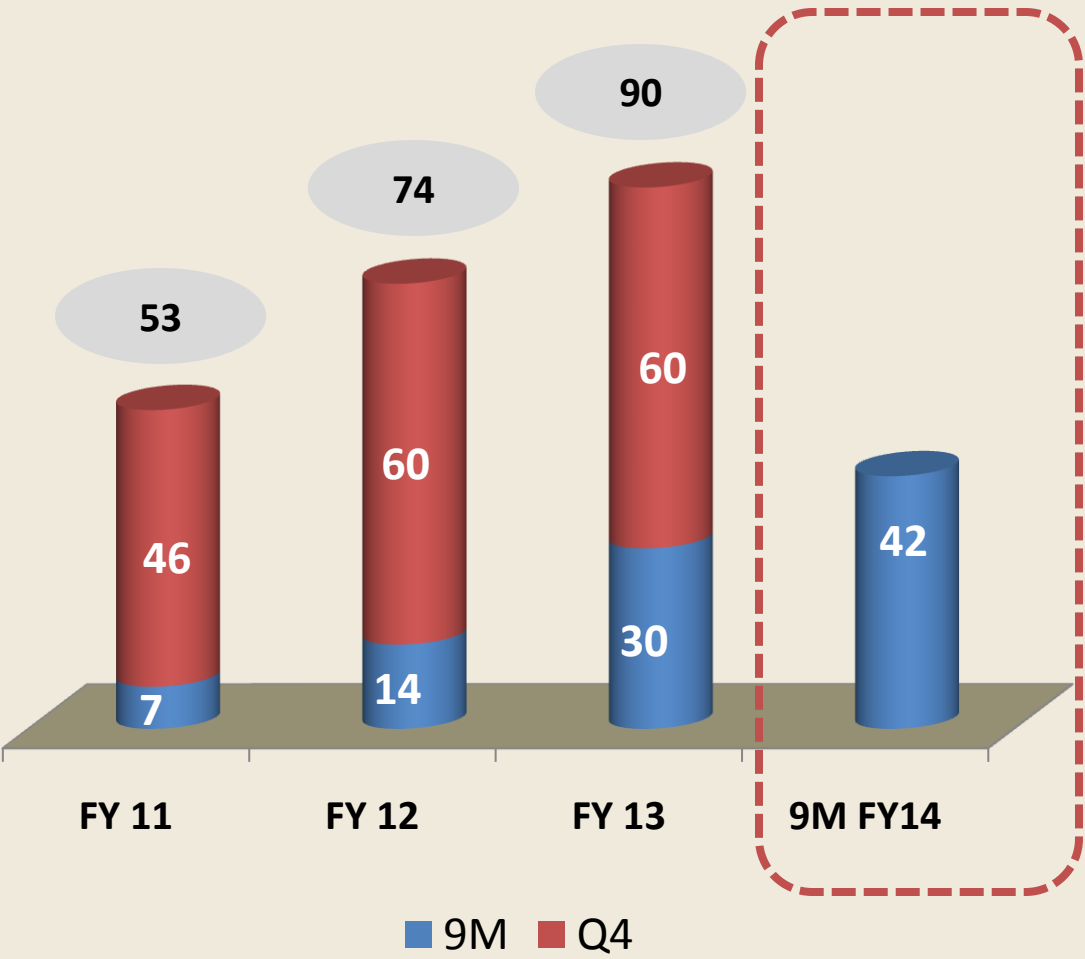
# ... with improved EBITDA margins



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 improvement despite Investments in various international geographies (MDUs)

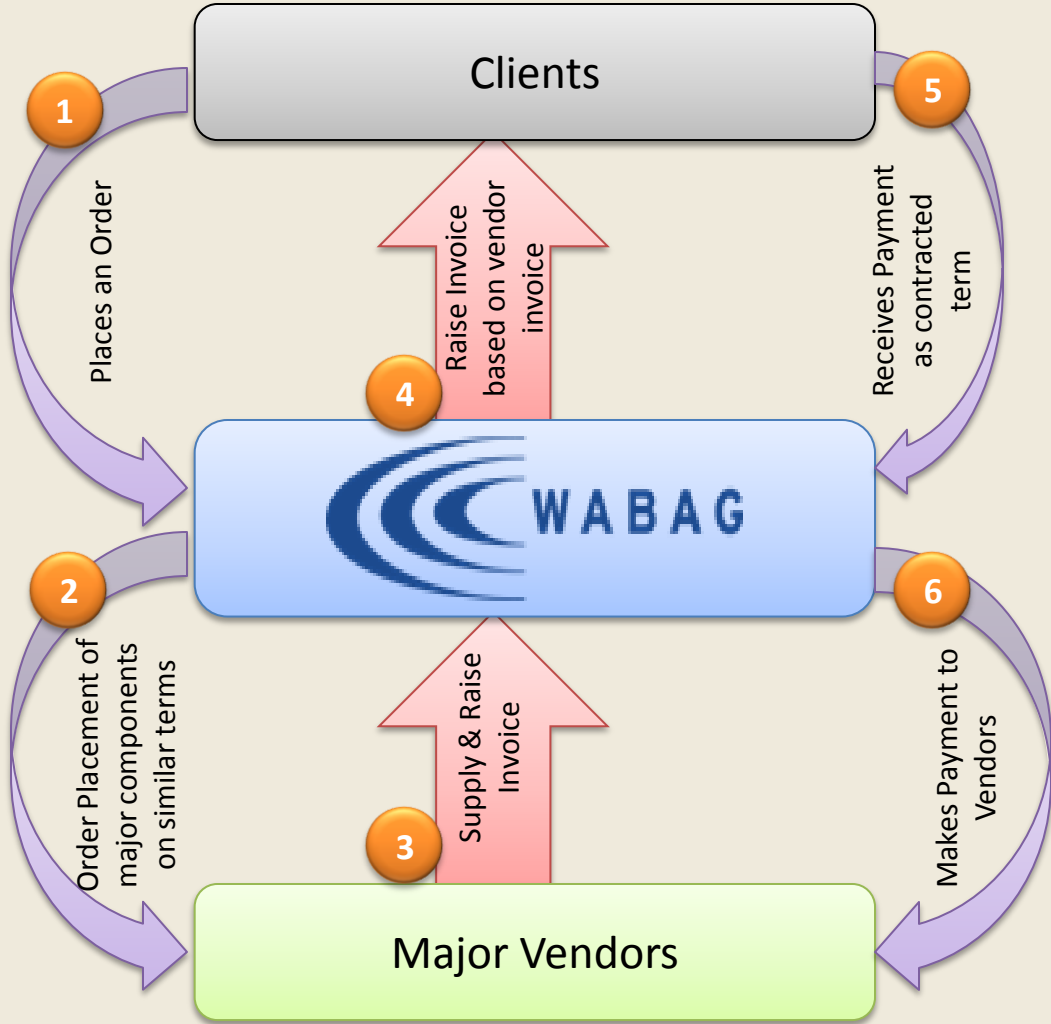
# Consistent growth in PAT



- ✓ 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

# 100 MLD Nemmeli (Chennai) Desalination Plant



## Nemmeli, Chennai

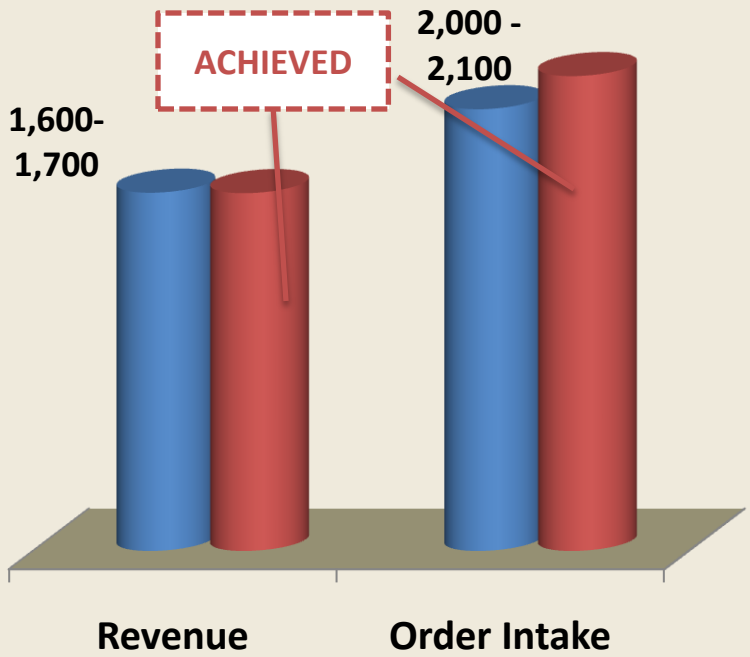
- 100 000 m<sup>3</sup>/day
- Reverse Osmosis & Ultrafiltration Technology
- Total Contract Value : Rs. 1084 Crs.
- Total EPC Cost : Rs. 584 Crs.
  - Received till date : Rs. 497 Crs.
  - Outstanding Receivables : 87 Crs. [including retention money of Rs. 29 Crs.]
- O&M for 7 years : Rs. 500 Crs.
- Funded by a Grant from Govt of India

**O&M Period started from January 2014**

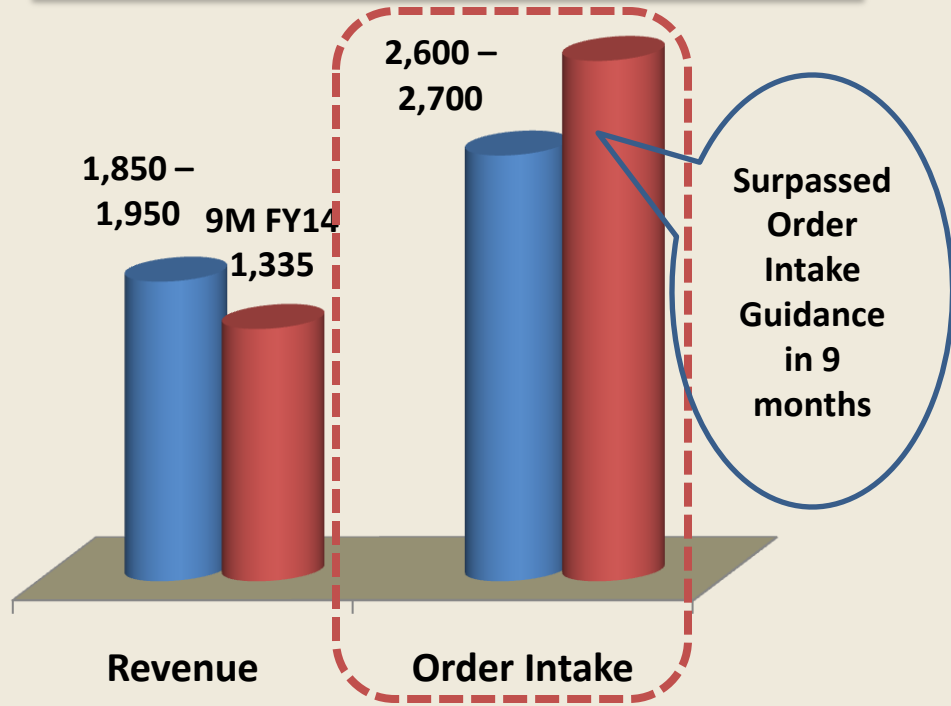


# Consistently achieving Guidance

FY 2013 [Rs Crs]

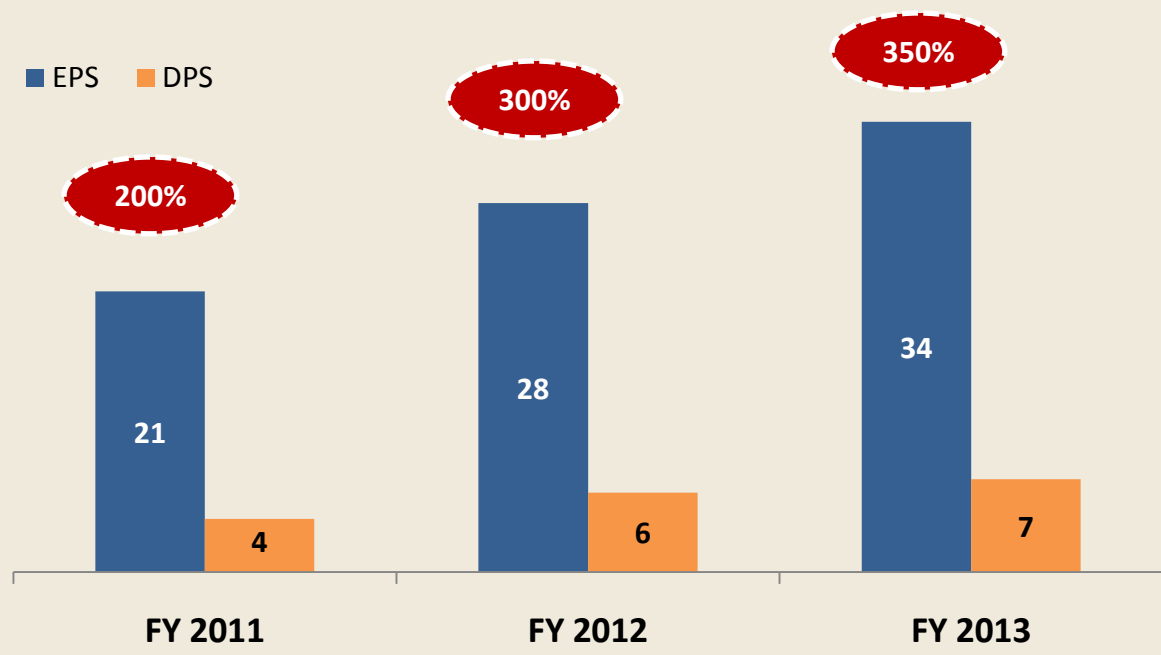


FY 2014 [Rs Crs]



**Upward Revision of Guidance for FY 14**  
**Revenue : Rs. 2,000 Crs., Order Intake : Rs. 3,500 Crs.**

# Improved Dividend Pay-out



Earning Per Share (Rs.)	21	28	34
Dividend Per Share (Rs.)	4 *	6	7
Dividend Payout	19 %	21 %	21 %



Sustainable solutions for a better life.

**THINK WATER. THINK WABAG.**



**Thank You**