

# **VA TECH WABAG LTD.**

**Investor Presentation  
May 2017**



# 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



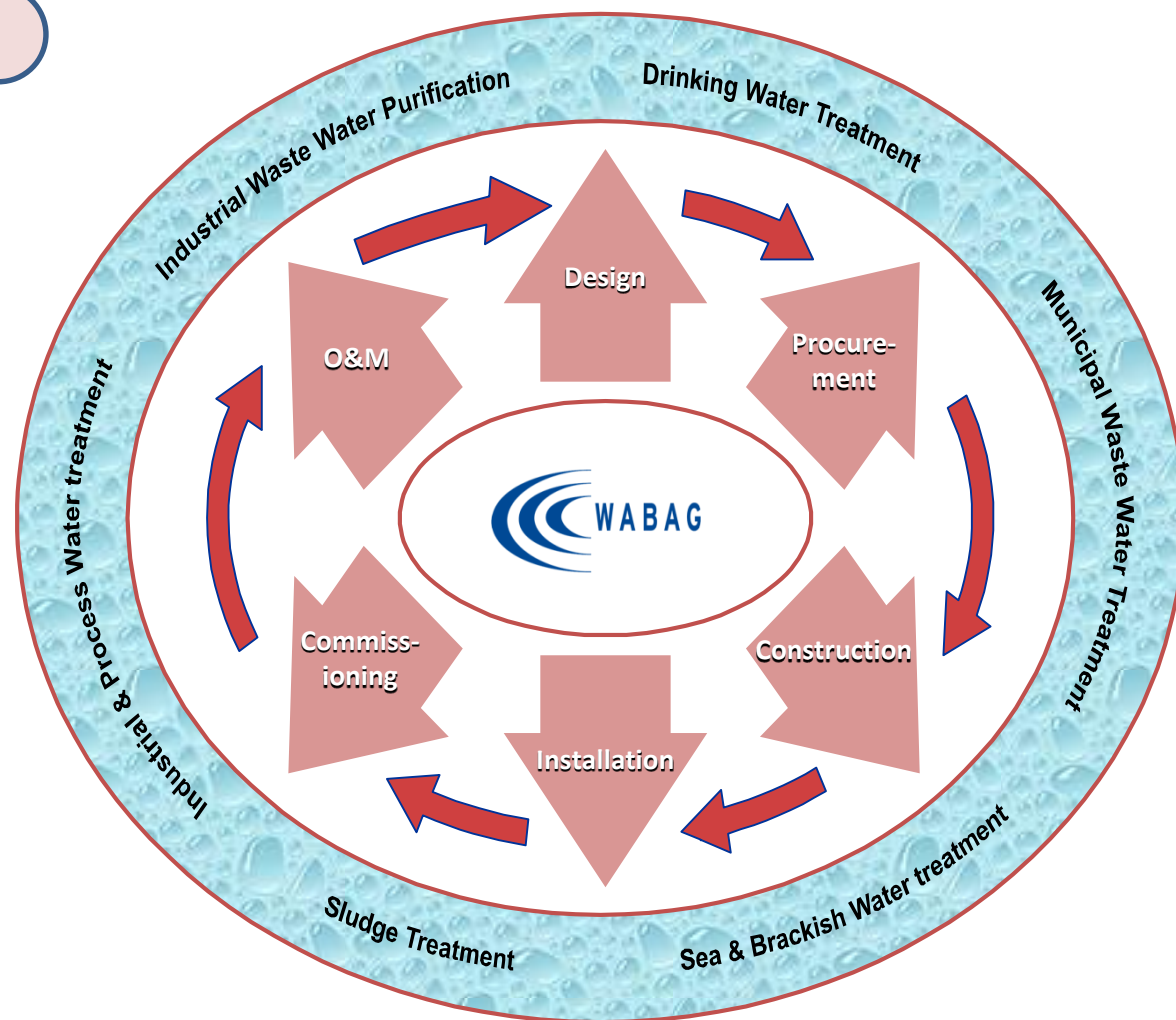
**BATNA Waste Water Treatment Plant, ALGERIA**

# 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

## 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.



**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.



**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



**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



**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



**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

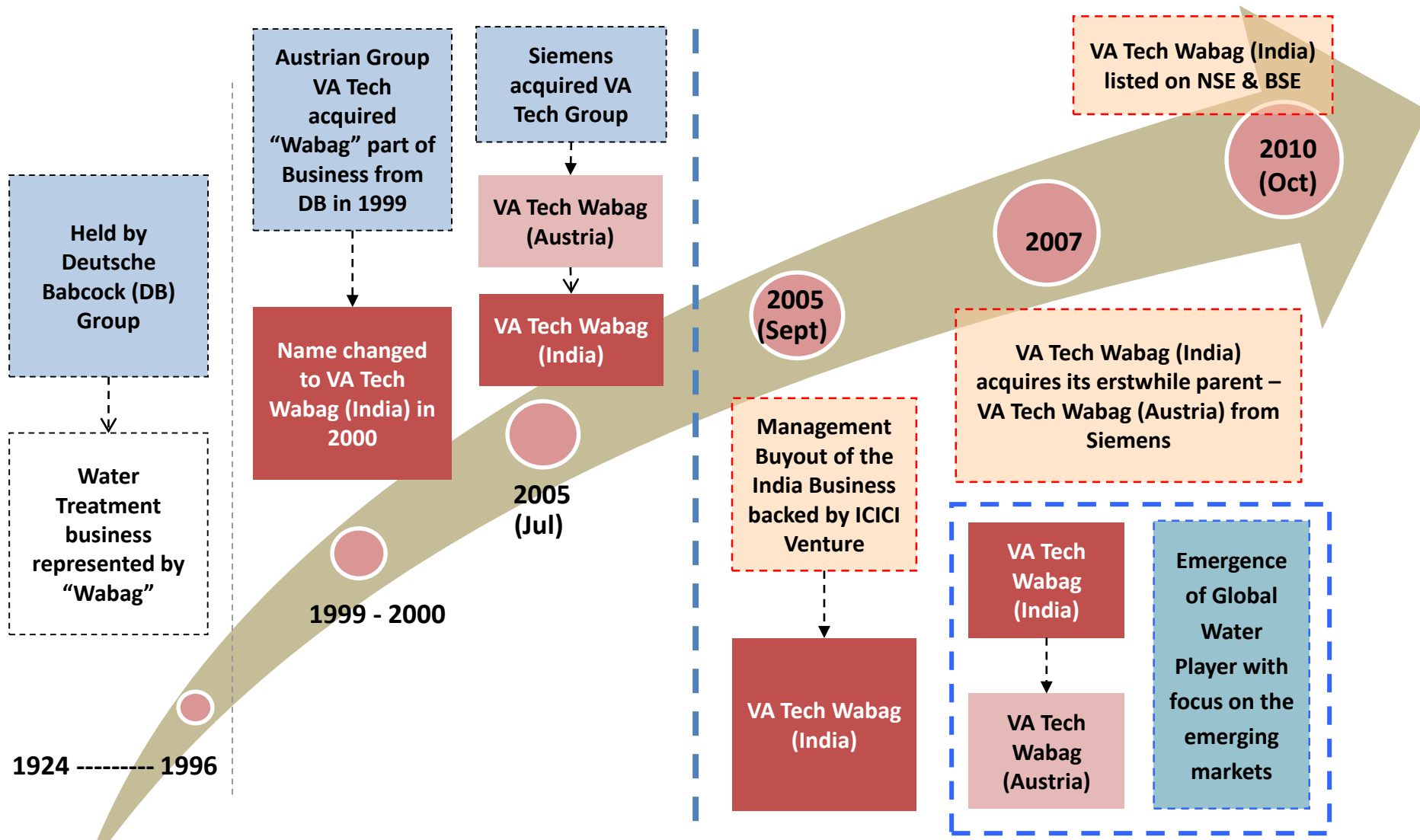


**Erwin Mötz**  
Managing Director,  
WABAG Romania



**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

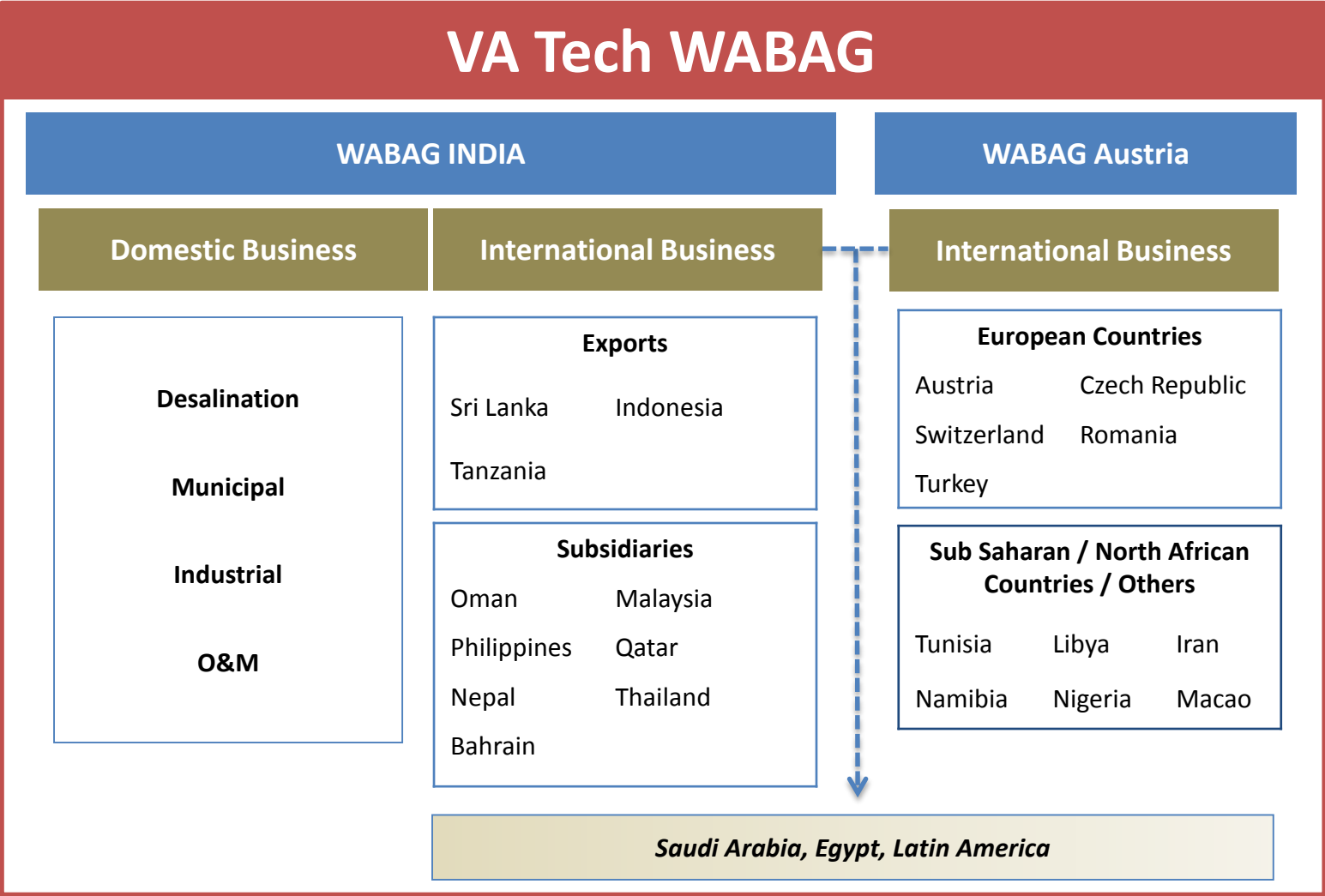
### Growth in India Business

Revenue grew around 5 times  
From Rs. 332 Crs to Rs. 1,798 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

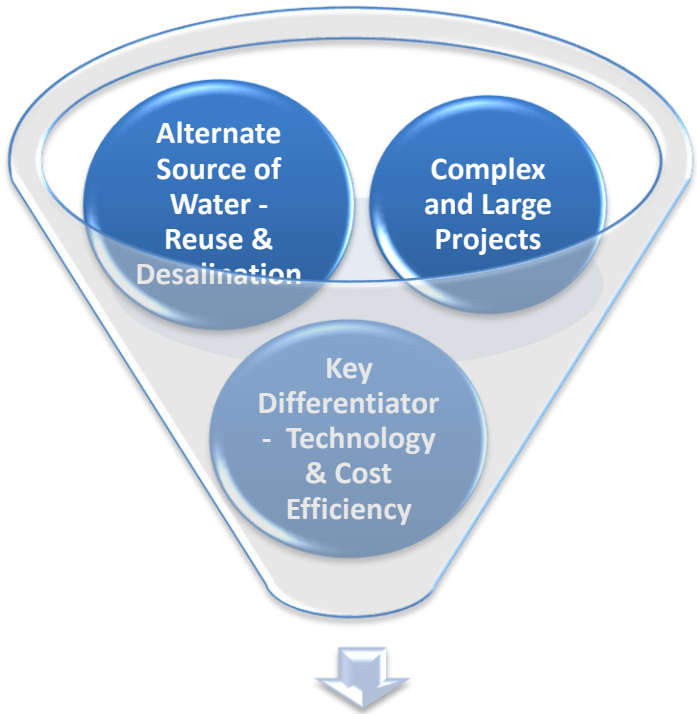
# Use of Advanced Technology & R&D...

## 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

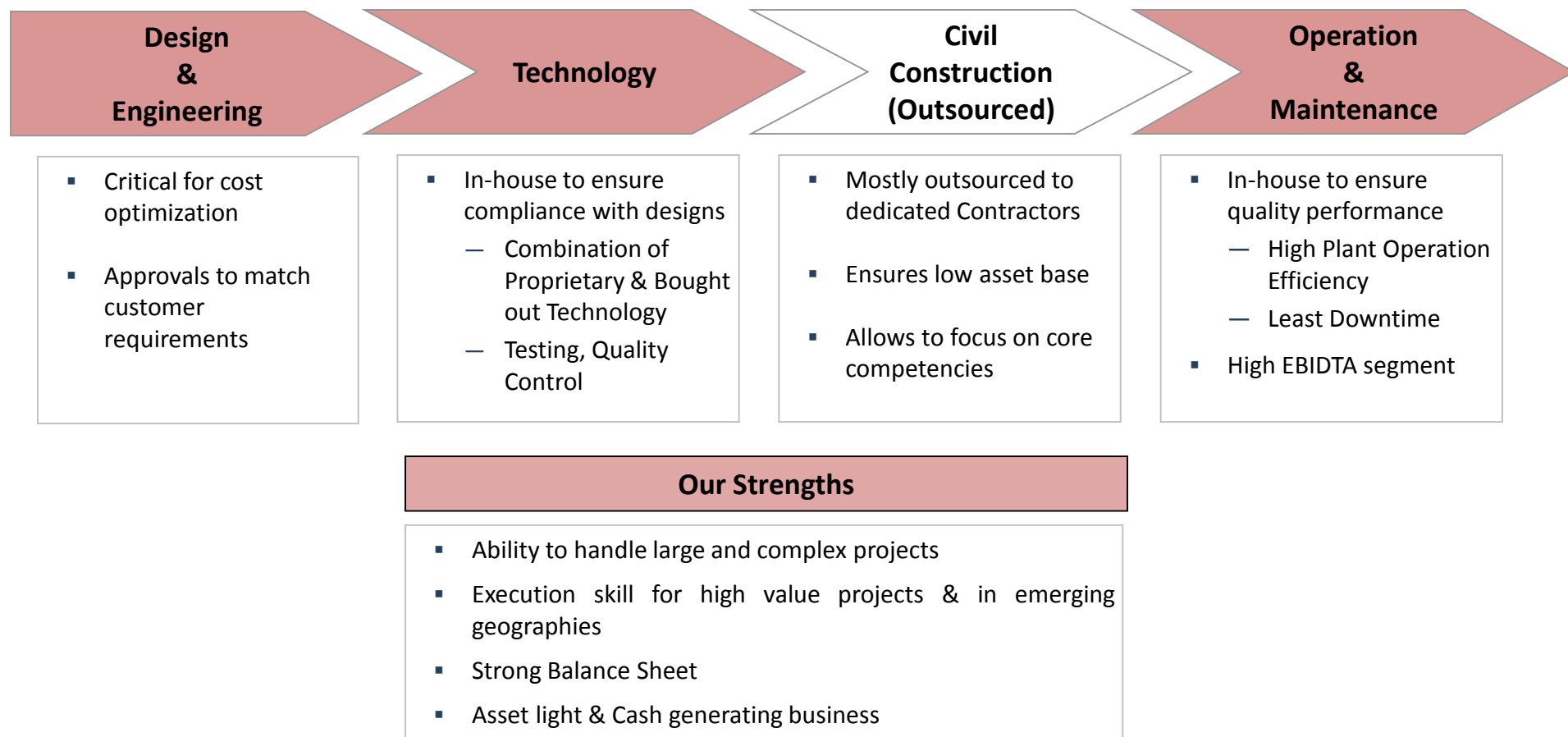
## High quality treated water – Technology is the deciding factor



**ADVANCED EUROPEAN TECHNOLOGY  
@ LOCAL COST**



# Asset Light Business Model



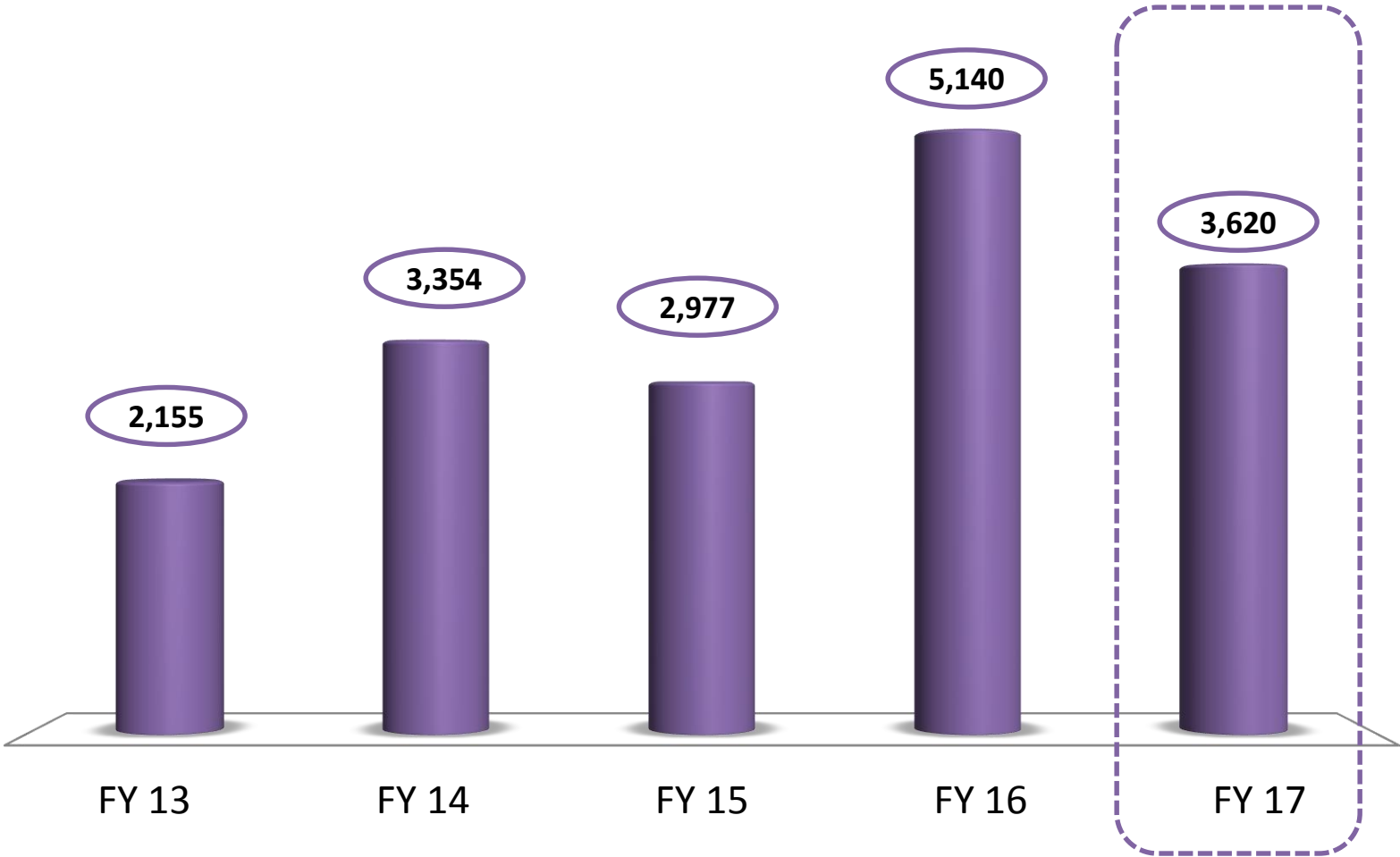
**Focus on 'Value-Added & High Margin' work processes; Limits investment in Asset Base**

# FINANCIAL HIGHLIGHTS



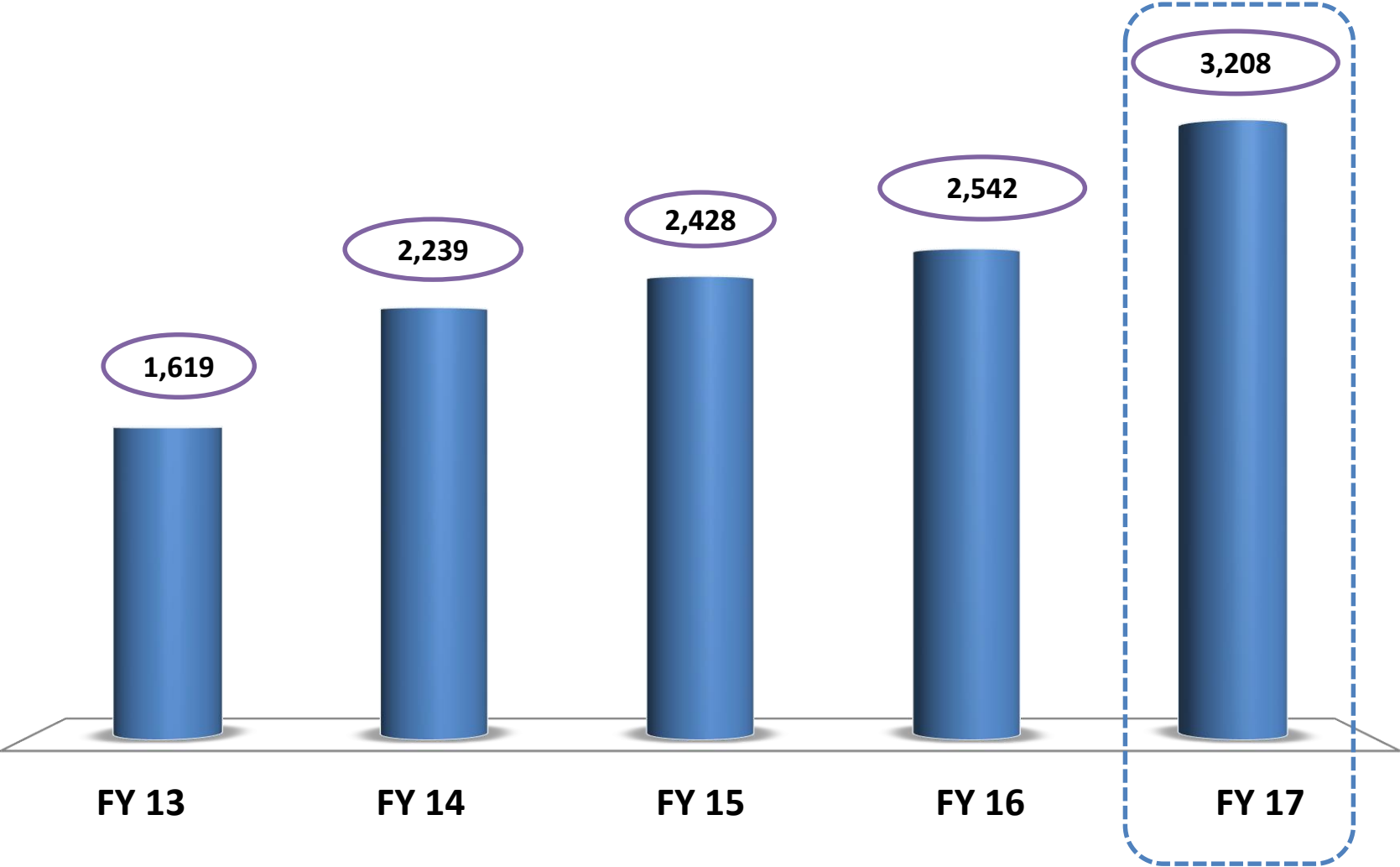
Waste Water Treatment Plant,  
Turkey

# Yearly Order Intake



Rs. Crs.

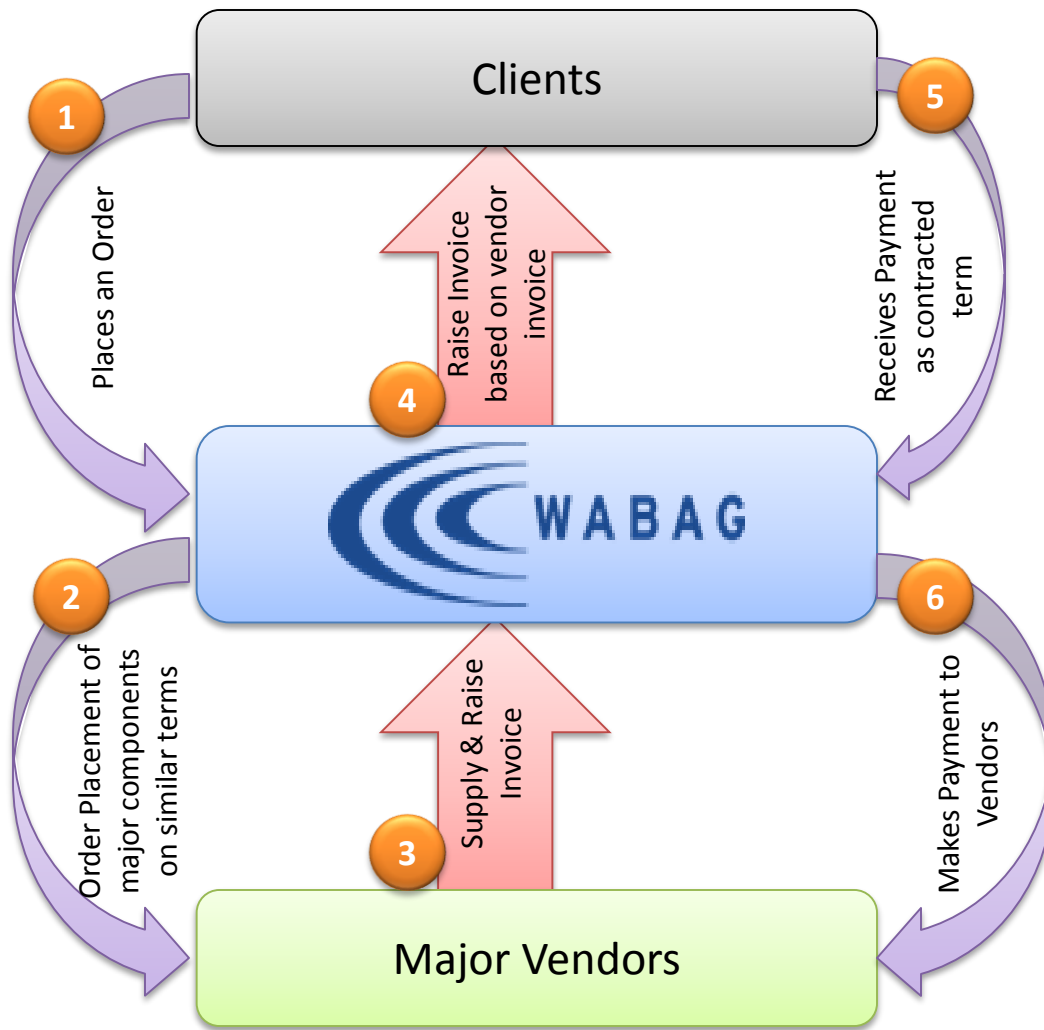
# Robust Revenue Growth



Rs. Crs.



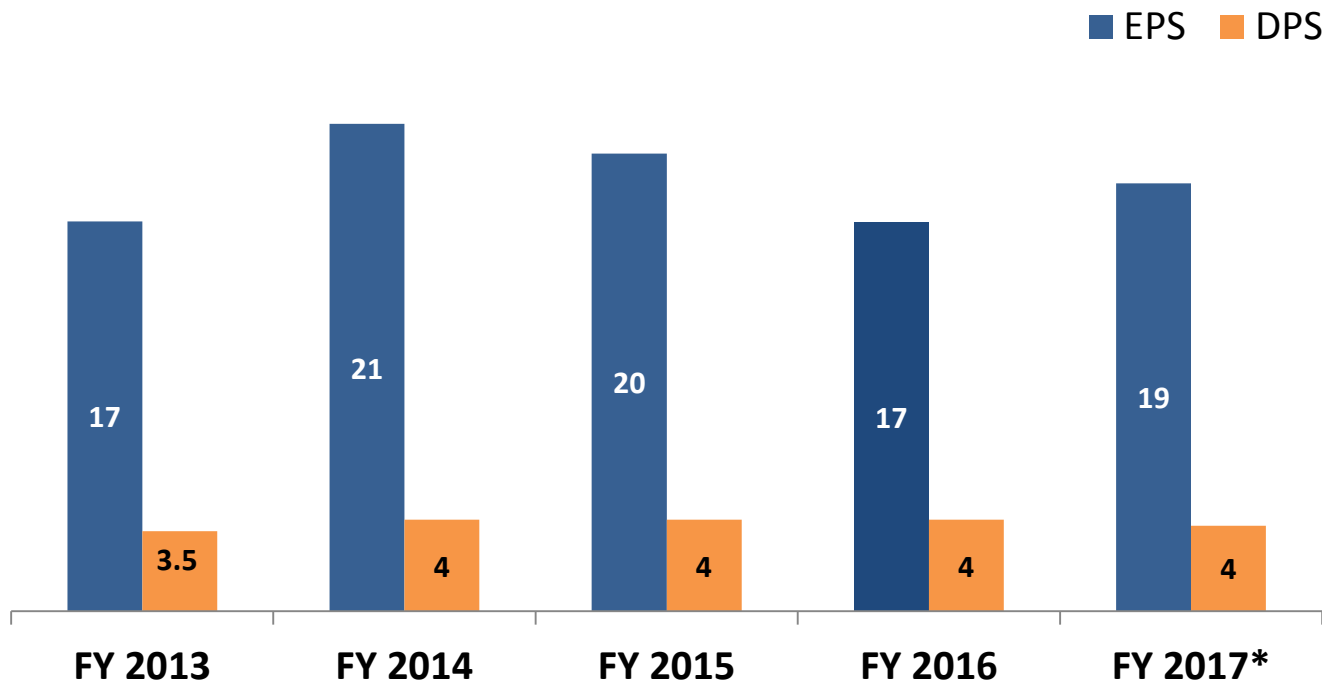
# Working Capital Cycle



- 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

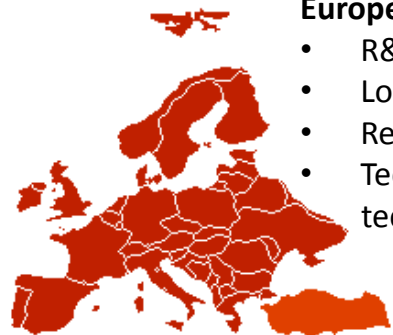
# Dividend Pay-out

Adjusted for Bonus Issue of 1:1 in FY 2015



Earning Per Share (Rs.)	17	21	20	17	19
Dividend Per Share (Rs.)	3.5	4	4	4	4
Dividend Payout (including tax)	24%	22%	24%	29%	26%

# Strategic Geographical Spread



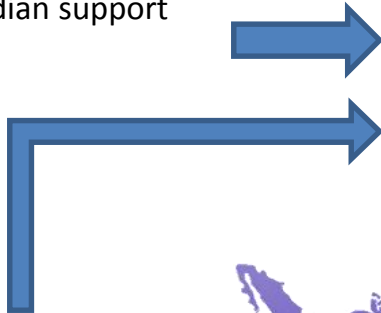
## Europe

- 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



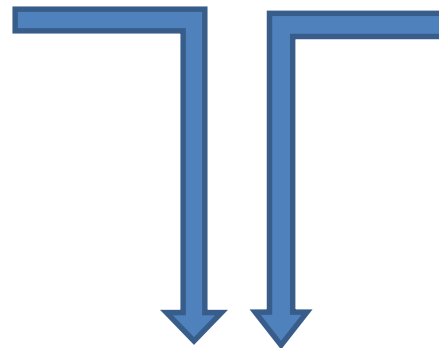
## LATAM

- 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

Rs. Millions	Q4 FY17	Q4 FY 16	YOY %	FY 17	FY 16	YoY %
Revenue from Operations	7,038	5,507	28%	17,984	15,134	19%
Cost of Sales	5,753	4,275	35%	13,980	11,547	21%
Total Cost of Operations (TCO)	740	456	62%	1,984	1,698	17%
EBITDA	545	776	-30%	2,020	1,889	7%
<b>EBITDA margin</b>	<b>7.7%</b>	<b>14.1%</b>		<b>11.2%</b>	<b>12.5%</b>	
Other Income (Interest Income & Dividends)	64	53	21%	74	36	106%
Net (Gain) / Loss on Forex	-33	-66		-139	-112	
Interest & Finance Charges	66	69	-5%	233	189	24%
Depreciation & Amortization	25	30	-17%	95	121	-21%
Exceptional Item				643		
Tax	265	274	-4%	510	591	-14%
Profit After Tax	286	522	-45%	750	1136	-34%
<b>PAT margin</b>	<b>4.1%</b>	<b>9.5%</b>		<b>4.2%</b>	<b>7.5%</b>	

- Good opening order backlog followed through with better execution led to 28% increase in Sales in Q4
- Increase in TCO mainly due to write off of investments on liquidation of subsidiary in Spain. No effect on Consolidated profit.
- No changes in Interest and Finance charges on account working capital being in control in Q4.

# RESULTS OVERVIEW – Consolidated Profit and Loss

Rs. Millions	Q4 FY17	Q4 FY 16	YOY %	FY 17	FY 16	YoY %
Revenue from operations	11,317	8,488	33%	32,079	25,083	28%
Cost of Sales	9,058	6,469	40%	25,388	19,402	31%
Total Cost of Operations (TCO)	943	893	6%	3,725	3,351	11%
EBITDA	1,316	1,126	17%	2,966	2,330	27%
<b>EBITDA margin</b>	<b>11.6%</b>	<b>13.3%</b>		<b>9.3%</b>	<b>9.3%</b>	
Other Income (Interest Income & Dividends)	61	14	336%	97	46	111%
Net (Gain) / Loss on Forex	58	-24		-15	-33	
Interest & Finance Charges (Net)	161	152	6%	526	457	15%
Depreciation & Amortization	52	51	2%	191	205	-7%
Tax	326	305	7%	667	668	0%
Share of Profits from Associates / MI	-24	-4	500%	-671	-191	251%
Profit After Tax	757	651	16%	1,024	887	15%
<b>PAT margin</b>	<b>6.7%</b>	<b>7.7%</b>		<b>3.2%</b>	<b>3.5%</b>	

- Significant growth in topline through focused execution aided by a healthy backlog
- Cost of Sales vary quarter on quarter depending on the mix of projects
- The loss in share of profits from associates during FY 17 primarily reflects the adverse impact of Liquidated Damages in the Oman Desalination JV.

# RESULTS OVERVIEW – Balance Sheet

INR Millions	Mar '17	Mar '16	Mar '17	Mar '16
	Consolidated		Standalone	
Total Equity (Net Worth)	10,104	9,285	8,241	7,755
Non-Current Liabilities	2,695	2,224	1,942	1,534
Trade Payables	12,574	10,287	8,300	6,325
Short Term Borrowings	2,459	3,272	1,199	2,389
Other Current Liabilities	5,674	4,147	3,043	1,488
<b>Total Equity &amp; Liabilities</b>	<b>33,506</b>	<b>29,216</b>	<b>22,724</b>	<b>19,491</b>
Fixed Assets	1,776	1,798	922	950
Other Non-Current Assets	4,727	3,972	4,609	4,092
Trade Receivables	21,238	16,565	13,576	10,383
Cash & Bank Balances	2,617	3,626	947	1,398
Other Current Assets	2,572	2,160	2,135	1,895
<b>Total Assets</b>	<b>33,506</b>	<b>29,216</b>	<b>22,724</b>	<b>19,491</b>

# RESULTS OVERVIEW – Working Capital Highlights

Rs. Millions	Mar'17	Mar '16
Inventories	385	976
Trade Receivables	21,238	16,565
Loans and Advances	408	273
Other Current Assets	2,163	1,887
<b>Total Current Assets (A)</b>	<b>24,194</b>	<b>19,701</b>
Trade Payables	12,574	10,287
Other Current Liabilities and Provisions	5,673	4,147
<b>Total Current Liabilities (B)</b>	<b>18,248</b>	<b>14,434</b>
<b>Net Working Capital (NWC)</b>	<b>5,947</b>	<b>5,268</b>
<b>Net Working Capital (No. of Days)</b>	<b>68</b>	<b>77</b>

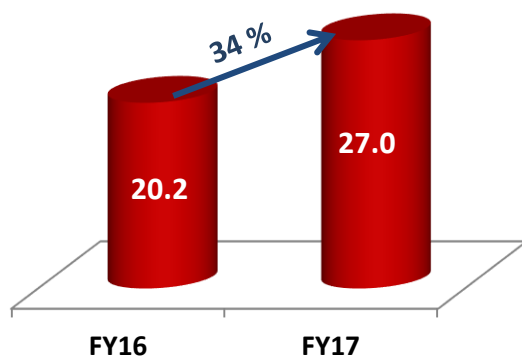
**Net working capital no. of days sales at 68 days**



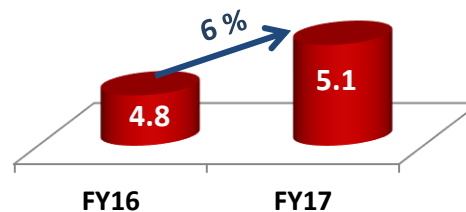
# Revenue Breakup – FY17

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	6,236	10,111	1,049	398	17,794
Wabag Overseas	6,546	4,099	2,551	1,074	14,270
<b>Total</b>	<b>12,782</b>	<b>14,210</b>	<b>3,600</b>	<b>1,472</b>	<b>32,064</b>

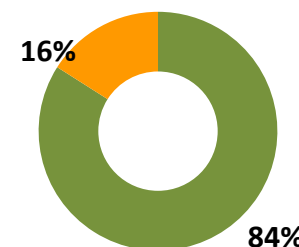
EPC [Rs. Bn.]



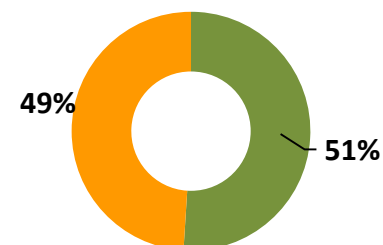
O&M [Rs. Bn.]



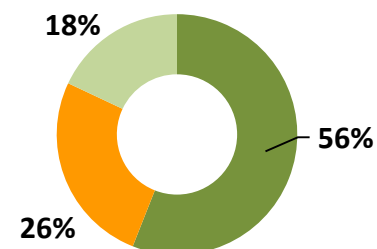
EPC O&M



Municipal Industrial



India Europe MDUs\* IIUs #



# Key Projects Contributing to Revenue – FY 17

Project Details	Revenue recognized [Rs. Mn]
▪ APGENCO – BOP with Water management	4,186
▪ Petronas RAPID ETP, Malaysia	4,088
▪ AMAS, Bahrain – 40 MLD STP	2,734
▪ RIL Projects	1,895
▪ Dangote, Nigeria – 60 MLD RWTP	1,286
▪ Istanbul, Turkey O&M	1,241
▪ UP Jal Nigam – 140 MLD STP	971
• OWSSB, Orissa – 100 MLD STPs	769
▪ Integrated Water Supply Project - Barmer, Rajasthan	705
• Polgahawela, Sri Lanka – WTP	626

# Order Book Analysis

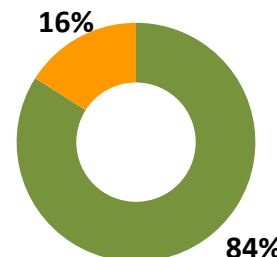


# Order Intake Breakup

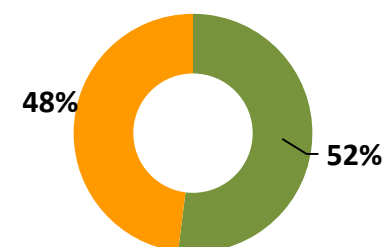
Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	12,364	15,275	2,335	408	30,382
Wabag Overseas	2,393	490	1,843	1,090	5,816
<b>Total</b>	<b>14,757</b>	<b>15,765</b>	<b>4,178</b>	<b>1,498</b>	<b>36,198</b>

Recent Key Orders Received	Order Value
▪ Dangote ETP & RWTP	US\$ 105.5 Mn
▪ Pertamina, Indonesia – SWRO	US\$ 31.5 Mn

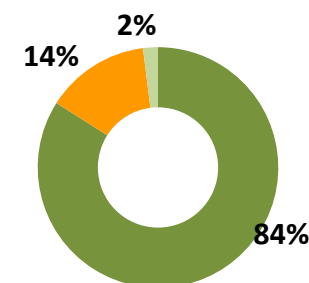
■ EPC ■ O&M



■ Municipal ■ Industrial

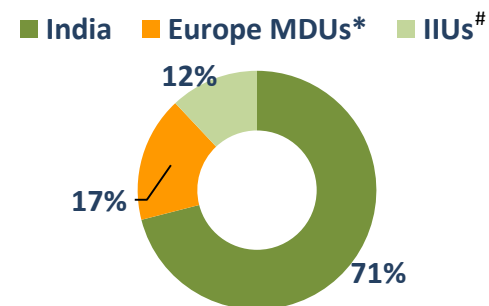
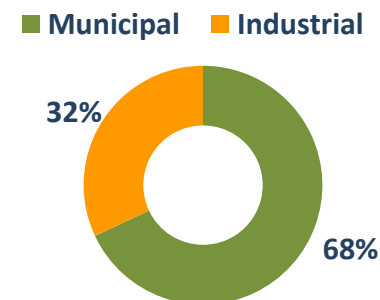
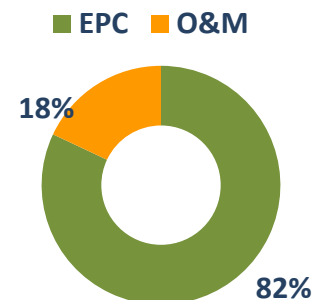
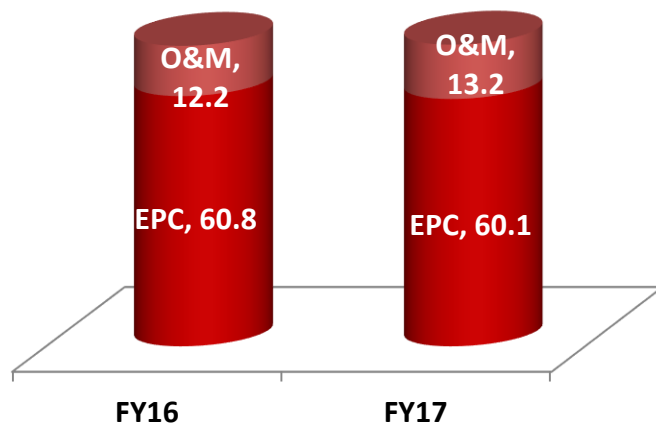


■ India ■ Europe MDUs\* ■ IIUs#



# Order Book Composition

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	23,670	16,360	11,406	191	51,627
Wabag Overseas	13,962	6,135	687	873	21,657
Framework Contracts					8,659
<b>Total</b>	<b>37,632</b>	<b>22,495</b>	<b>12,093</b>	<b>1,064</b>	<b>81,943</b>





# Order Book of Rs. 73.3 Bn & Framework Contracts of Rs. 8.7 Bn

## Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
• Petronas RAPID ETP, Malaysia	8,238
▪ Dangote ETP & RWTP, Nigeria	6,942
• Polgahawela, Sri Lanka – WTP	6,714
• Koyambedu, Chennai – 45 MLD TTP	5,745
• Desal & STP Order, Saudi Arabia	5,204
▪ Integrated Water Supply Project - Barmer, Rajasthan	2,474
• AMAS, Bahrain – 40 MLD STP	2,348
▪ Pertamina, Indonesia, SWRO	2,073
▪ APGENCO – BOP with Water management	2,041
• LongPhu1 PowerPlant Packages, Vietnam	1,463

## Key Framework Contracts \*

- Libya STP of Rs. 6,114 mn
- Tobruk, Libya Desal of Rs. 1,181 mn
- 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 18

**Revenue : INR 38 Bn – INR 40 Bn & Order Intake : INR 43 Bn – INR 45 Bn**



**For further information, please contact**

---

**Company :**

VA Tech Wabag Ltd.  
CIN - L45205TN1995PLC030231

Mr. Parthasarathy G, Chief Financial Officer  
[investors@wabag.in](mailto:investors@wabag.in)

[www.wabag.com](http://www.wabag.com)

---

**Investor Relations Advisors :**

Stellar IR Advisors Pvt. Ltd.  
CIN - U74900MH2014PTC259212

Mr. Gaurang Vasani, Managing Director  
[vgaurang@stellar-ir.com](mailto:vgaurang@stellar-ir.com)

[www.stellar-ir.com](http://www.stellar-ir.com)