



Creating more Wabags world over!

Passioneering takes us places

**VA TECH WABAG**  
**INVESTOR PRESENTATION**  
**FEBRUARY 2015**

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# Business Overview



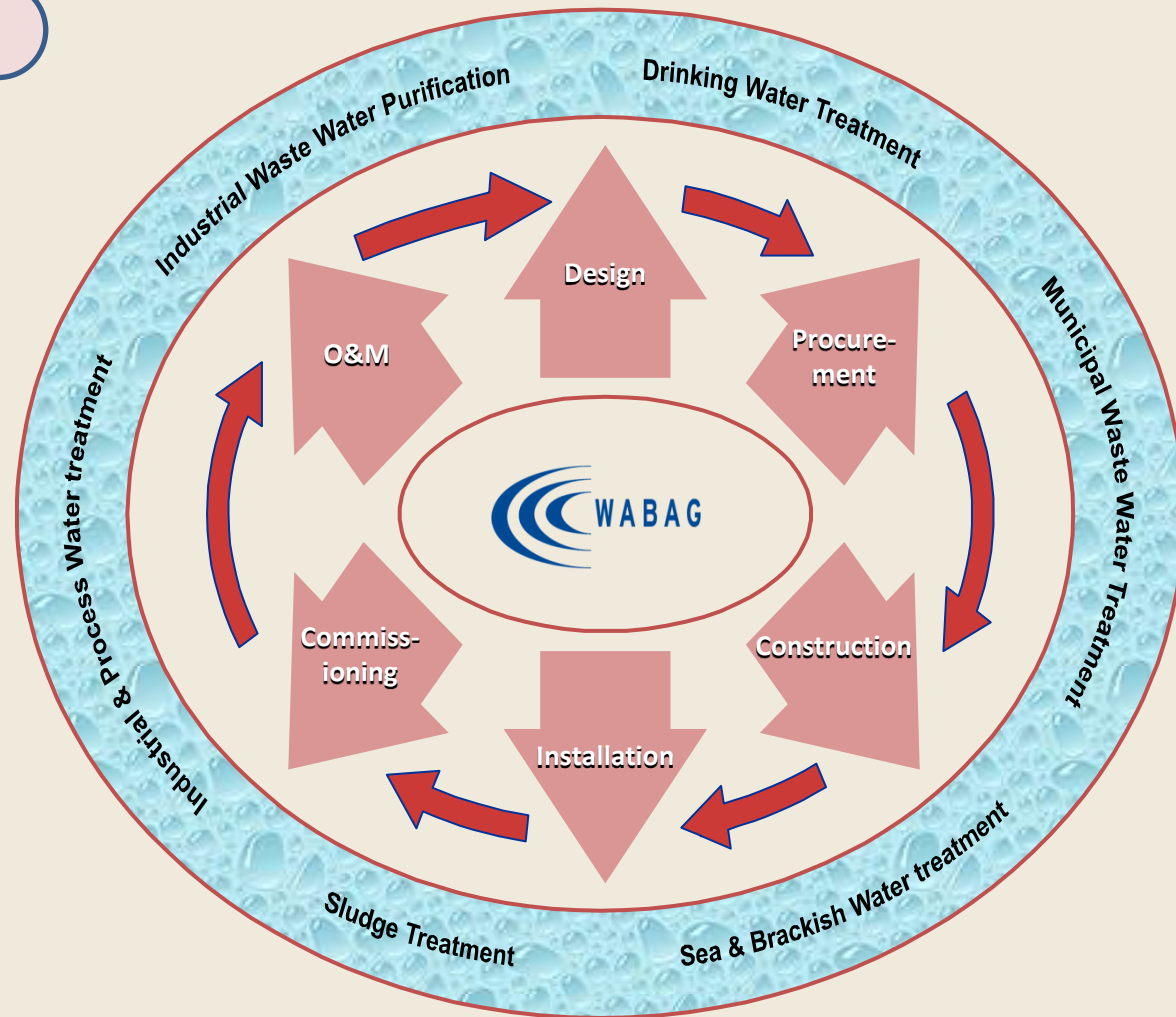
**BATNA Waste Water Treatment Plant, ALGERIA**

## **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

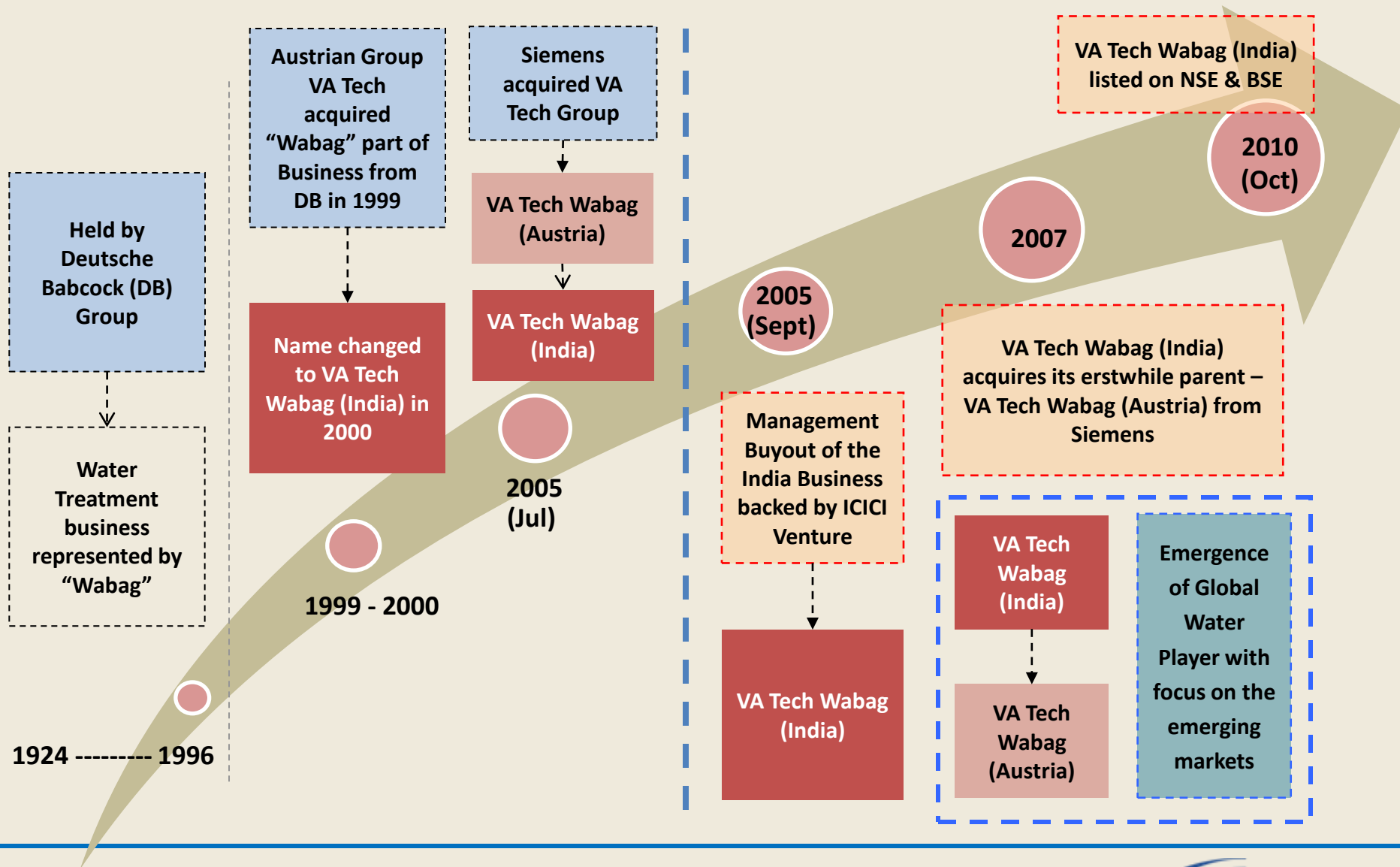
- 34 years of work experience; worked previously with Sulzer Brothers as Head of water sales.
- Responsible for project execution and research and development.



**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

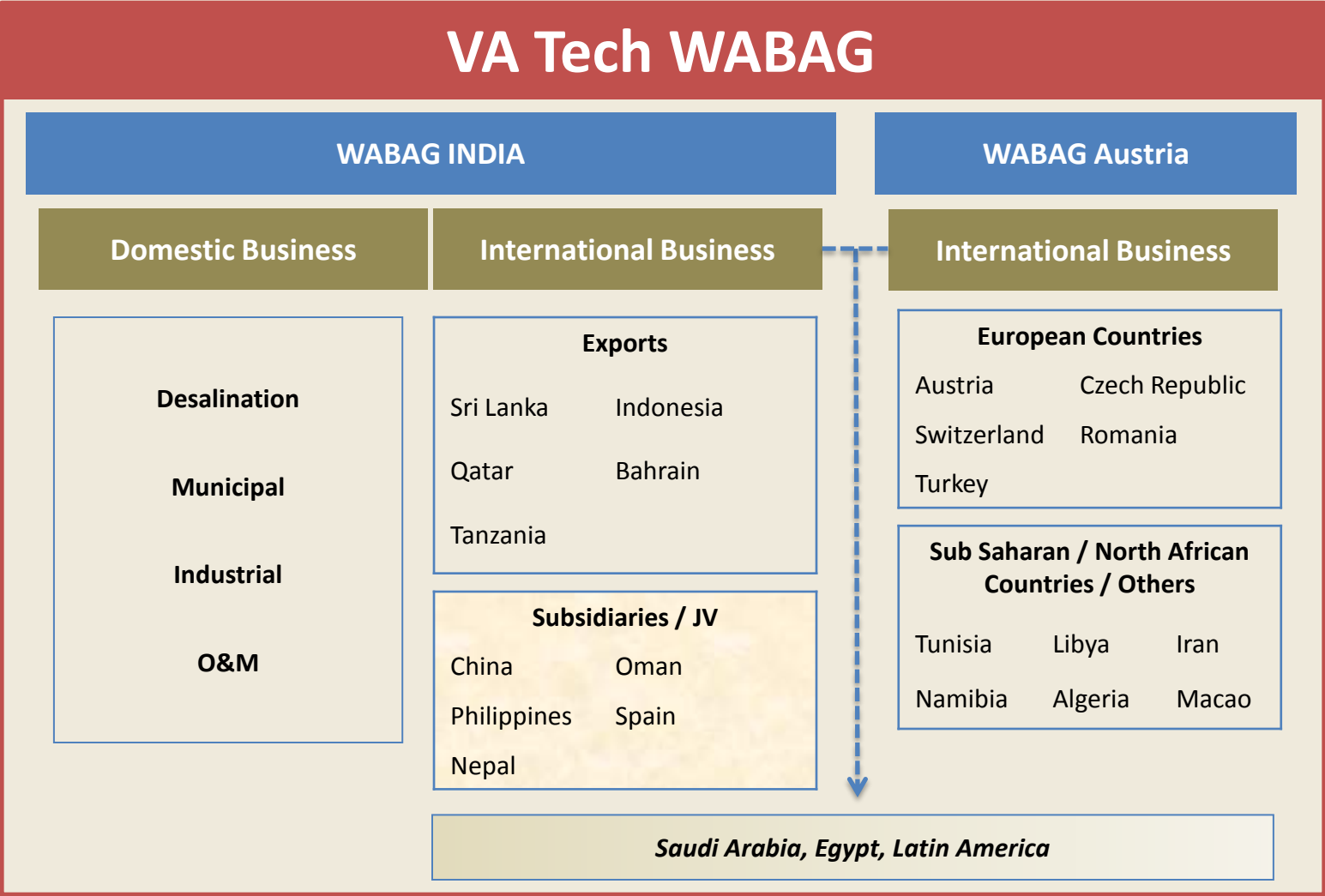
Revenue grew over 3 times  
From Rs. 332 Crs to Rs. 1,152 Crs

Acceptance of WABAG INDIA in  
Overseas market

Opportunity to leverage Low  
Cost Economic Advantage in  
Global market

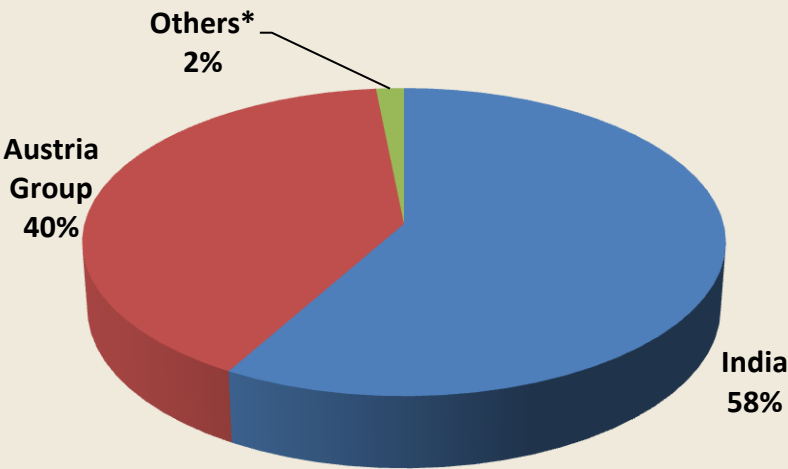


# Current Business Structure

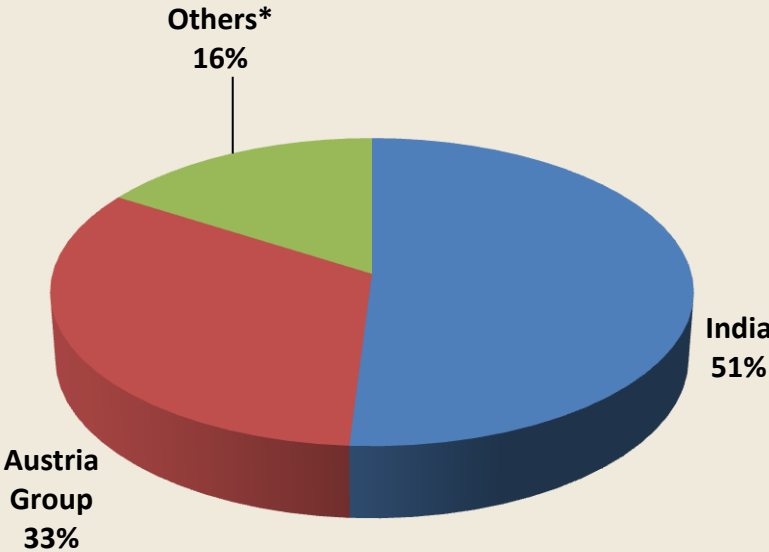


# ... evolving with growth in International Geographies

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

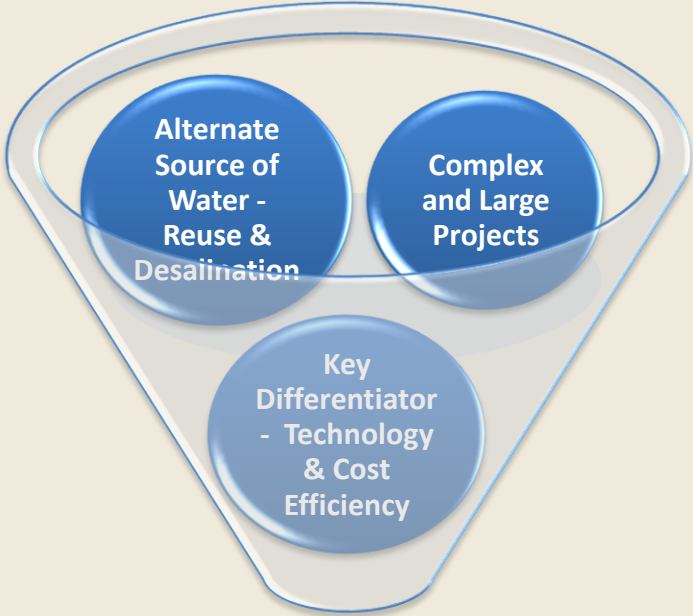
# Use of Advanced Technology & R&D...

## 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**

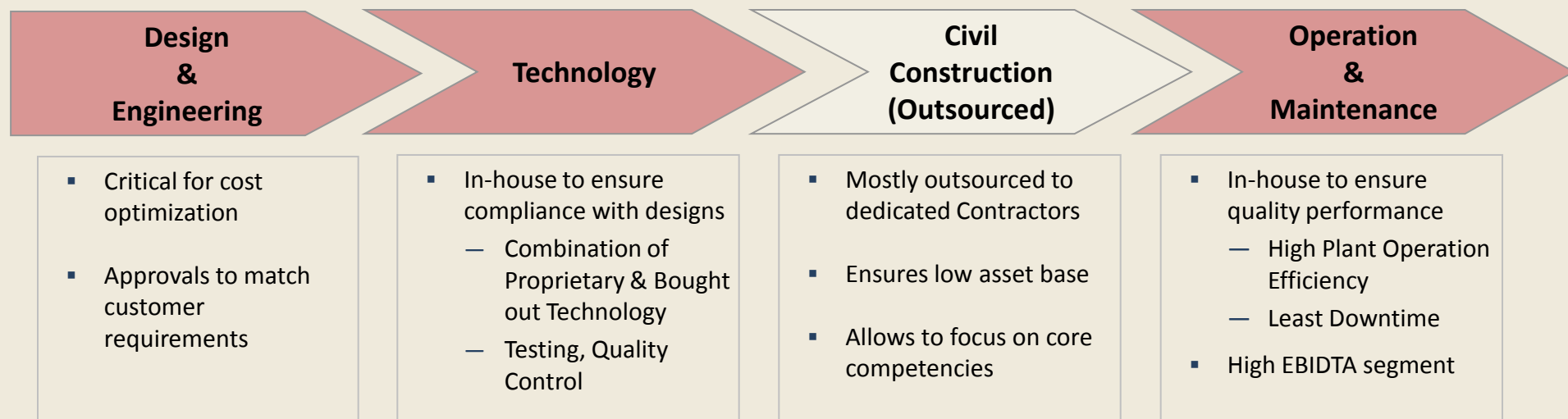
# Presence in High Growth Potential Water Markets

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**

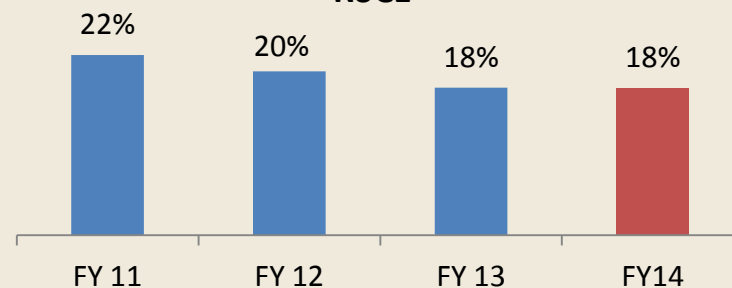
# Asset Light Business Model



## 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**

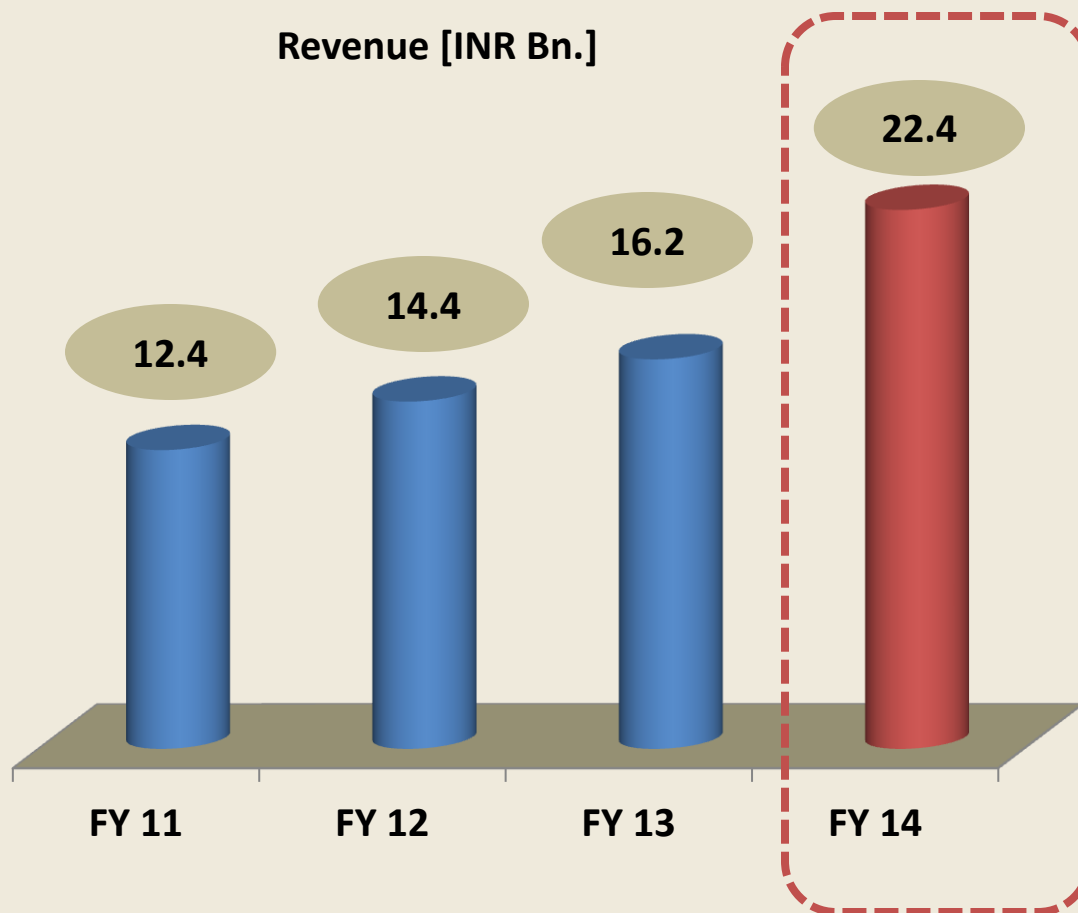


# FINANCIAL HIGHLIGHTS



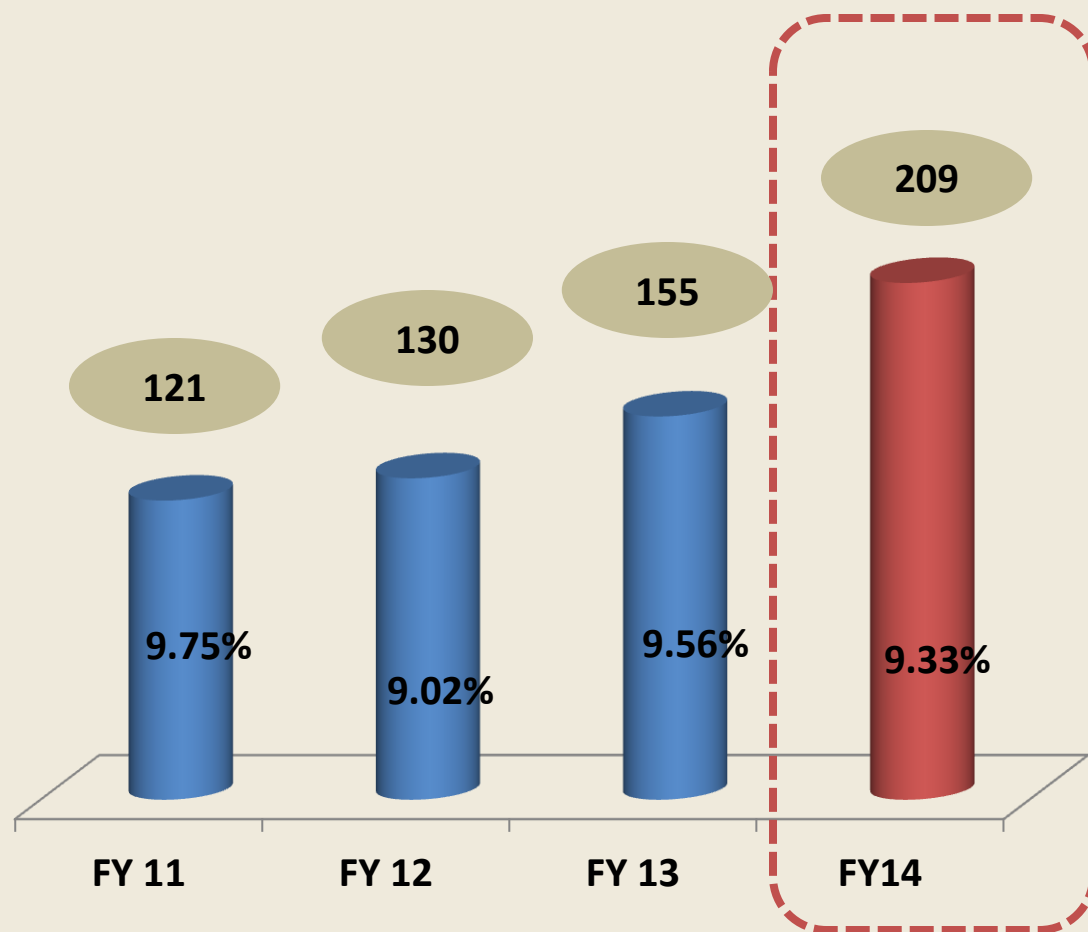
Waste Water Treatment Plant,  
Turkey

## 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

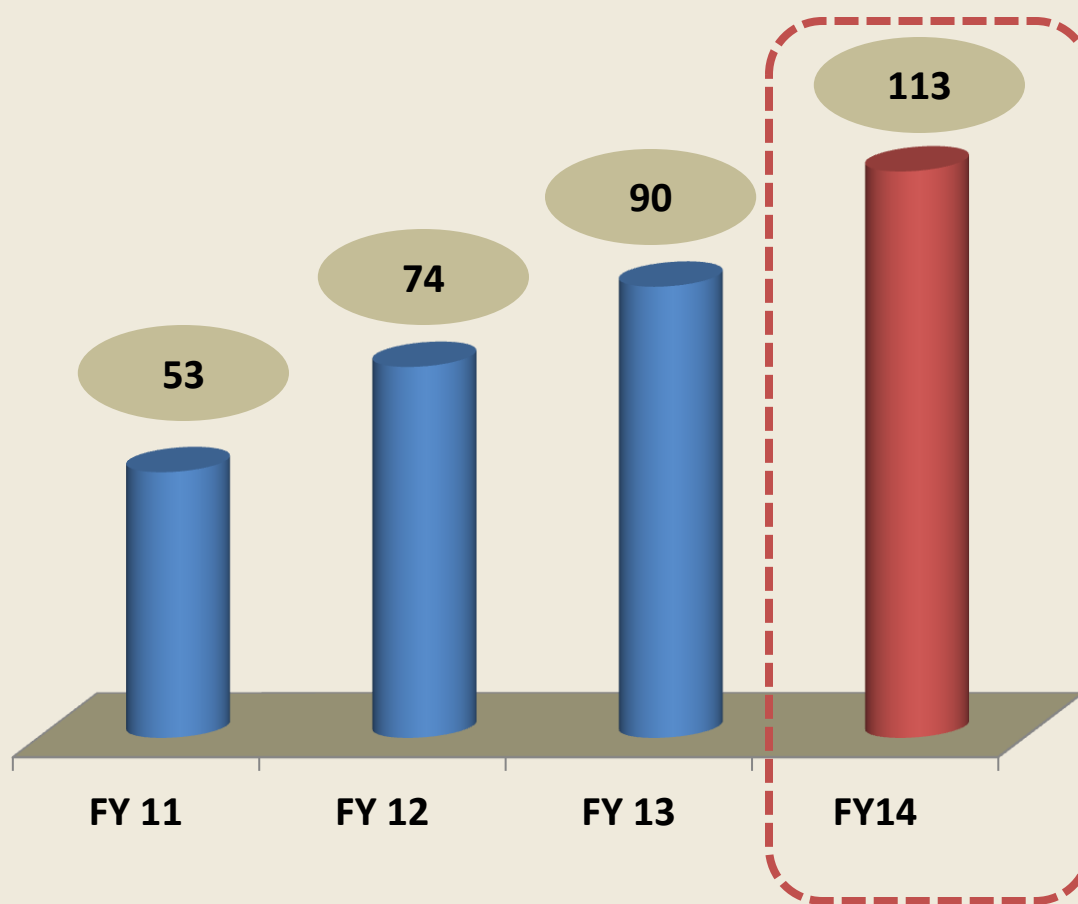
## ... with improved EBITDA margins...



- ✓ 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)

Rs. Crs.

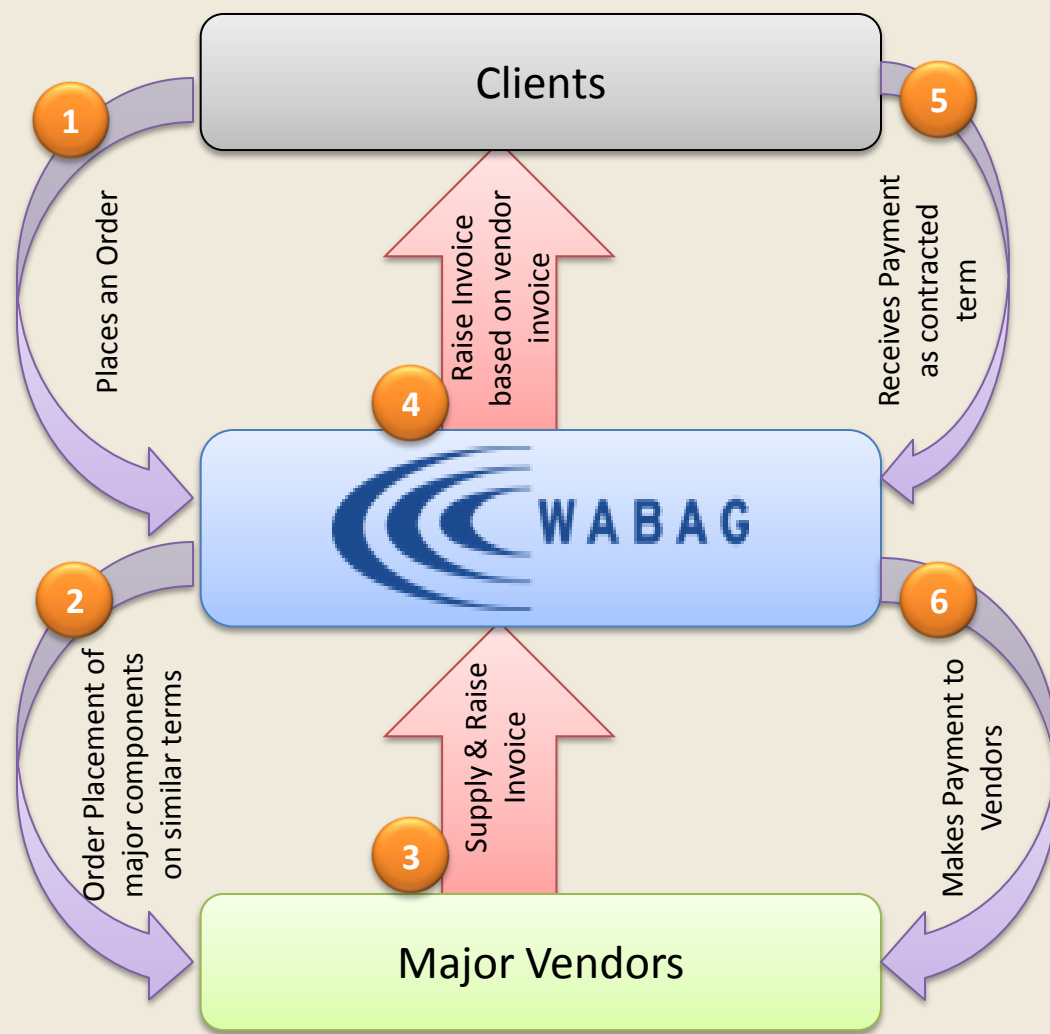
## Consistent growth in PAT



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

Rs. Crs.

# Working Capital Cycle

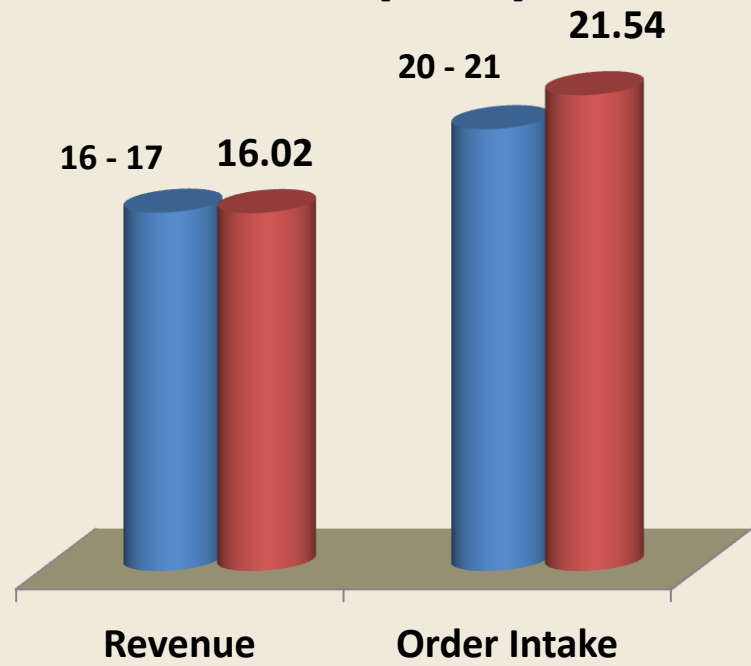


- Why are the Receivables & Payables higher on Balance Sheet date?

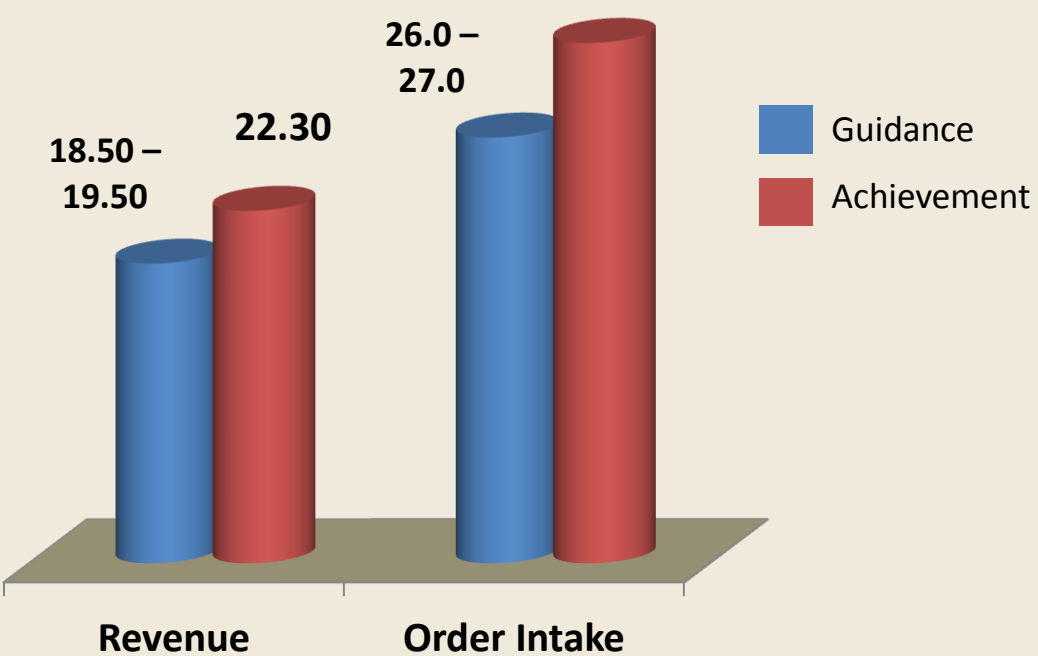
- Q4 generally accounts for 40-45% of annual turnover
- Invoice raised & recognized as Revenue that appear in Receivables, are not due for payment as per contract
- The above applies to Payables to major Vendors too
- Receives and makes payment as per contracted terms in due course of time

# Consistently achieving Guidance

FY 2013 [INR Bn]



FY 2014 [INR Bn]

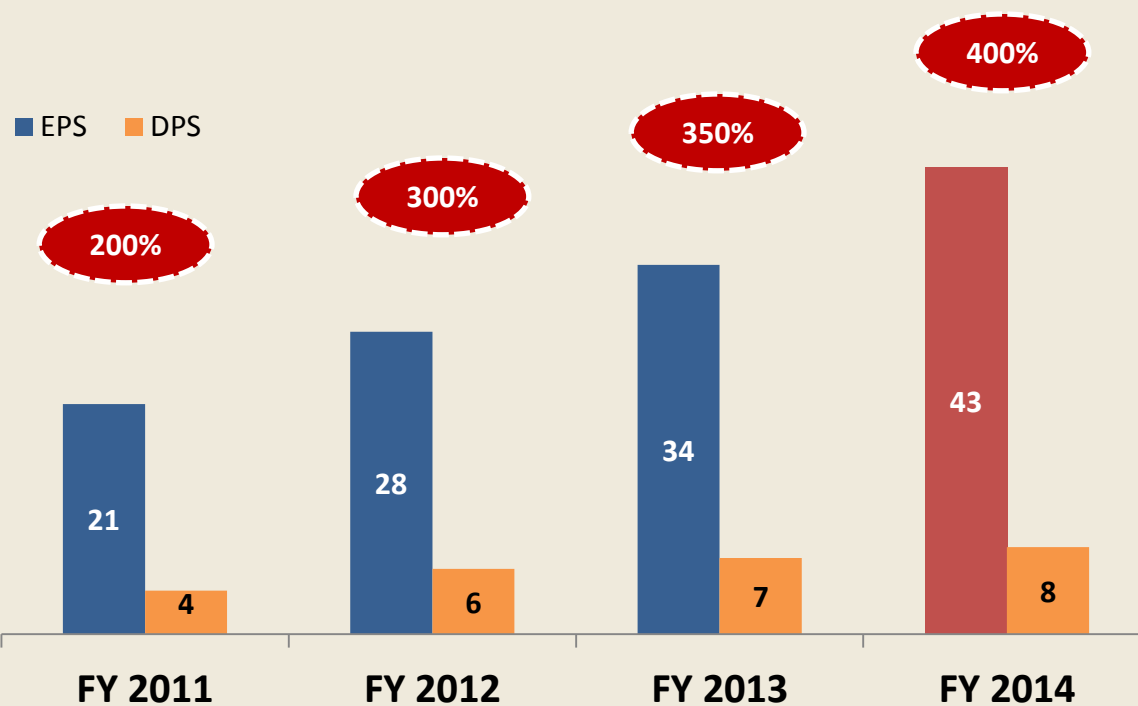


## Guidance for FY 15

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



# Dividend Pay-out



Earning Per Share (Rs.)	21	28	34	43
Dividend Per Share (Rs.)	4 *	6	7	8
Dividend Payout	19 %	21 %	21 %	19%

## Annexure: Recent Financial Highlights

# RESULTS OVERVIEW – Consolidated Profit and Loss

INR Millions	Q3 FY15	Q3 FY14	YoY %	9M FY15	9M FY14	YoY %	FY 14
Income	6,185	5,834	6.0%	15,227	13,335	14.2%	22,302
Other Operating Income	9	59	-84.6%	48	74	-35.9%	85
Cost of Sales	4,832	4,523	6.8%	11,584	9,935	16.6%	16,979
Total Cost of Operations (TCO)	939	927	1.3%	2,734	2,457	11.2%	3,317
EBITDA	423	443	-4.6%	957	1,017	-5.9%	2,090
<b>EBITDA margin</b>	<b>6.8%</b>	<b>7.6%</b>		<b>6.3%</b>	<b>7.6%</b>		<b>9.4%</b>
Net (Gain) / Loss on Forex	37	34	10.4%	-23	163	-114.4%	205
Interest & Finance Charges (Net)	61	46	32.1%	181	72	150.1%	124
Depreciation & Amortization	55	45	21.4%	143	116	23.6%	150
Exceptional Items							51
Tax	130	102	27.0%	264	249	6.1%	526
Profit After Tax	141	217	-35.0%	392	417	-6.1%	1136
<b>PAT margin</b>	<b>2.3%</b>	<b>3.7%</b>		<b>2.6%</b>	<b>3.1%</b>		<b>5.1%</b>
Share of Profit from Associates / MI	-3	1		5	2		-3
<b>Net PAT</b>	<b>138.3</b>	<b>217</b>	<b>-36.3%</b>	<b>396</b>	<b>420</b>	<b>-5.6%</b>	<b>1134</b>

- There has been an adverse impact of about 8% because of the impact of Euro exchange rate for the quarter.
- Increase in TCO is mainly due to increase in Employee expenses in Turkey due to site employee cost for Istanbul O&M Project.
- Provision of about Rs. 100 million towards LD in Oman Desalination Project as prudent and conservative accounting practice led to lower EBITDA margin.
- Tax as % on PBT is higher because of impact of consolidation and tax is paid by entities on their profits in their geography as per their regulation.

# RESULTS OVERVIEW – Standalone Profit and Loss

INR Millions	Q3 FY15	Q3FY 14	YoY %	9M FY15	9M FY14	YoY %	FY 14
Income	2,934	2,891	1.5%	6,524	6,215	5.0%	11,400
Other Operating Income	26	21	23.9%	92	53	74.2%	123
Cost of Sales	2,376	2,296	3.5%	4,900	4,618	6.1%	8,686
Total Cost of Operations (TCO)	230	342	-32.9%	1,011	924	9.5%	1,313
EBITDA	355	274	29.3%	705	726	-2.8%	1,523
<b>EBITDA margin</b>	<b>12.1%</b>	<b>9.5%</b>		<b>10.8%</b>	<b>11.7%</b>		<b>13.4%</b>
Net (Gain) / Loss on Forex	34	3	1151.9%	31	91	-65.5%	112
Interest & Finance Charges (Net)	22	6	273.3%	54	-10	-615.4%	7
Depreciation & Amortization	33	20	66.7%	42	54	-23.1%	81
Tax	89	82	9.4%	194	196	-1.1%	437
Profit After Tax	177	165	7.4%	385	395	-2.6%	886
<b>PAT margin</b>	<b>6.0%</b>	<b>5.7%</b>		<b>5.9%</b>	<b>6.9%</b>		<b>7.8%</b>

- Decrease in TCO is mainly due to reversal of provision for receivable on account of good collections during the quarter.
- Higher Forex loss is mainly due to reinstatement of JPY receivable from Nepal Project.
- Increase in Finance charges mainly due to increase in borrowings for working capital and Finance charges for new contracts.
- Increase in depreciation for the quarter compared to PY mainly due to capitalization of Corporate office in India in March 2014.

# 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

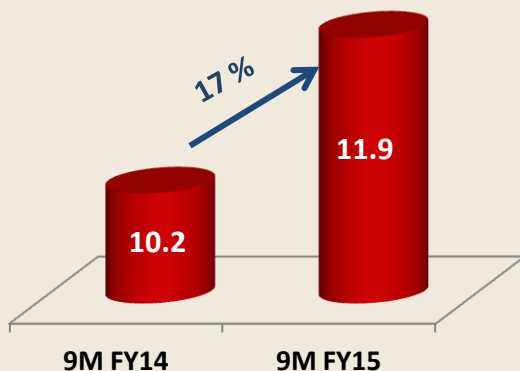
**Net Working Capital excluding Cash 72 Days**



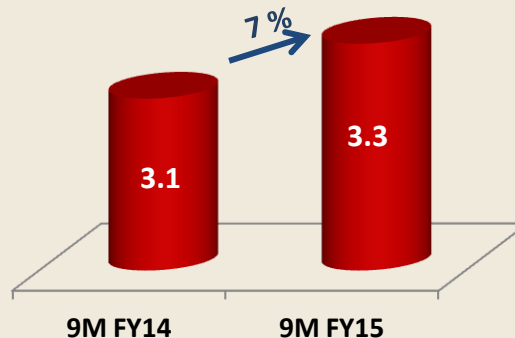
# Revenue Breakup – 9M FY15

INR Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	3,498	1,607	1,084	335	6,524
Wabag Overseas	4,266	2,554	1,373	510	8,703
<b>Total</b>	<b>7,764</b>	<b>4,161</b>	<b>2,457</b>	<b>845</b>	<b>15,227</b>

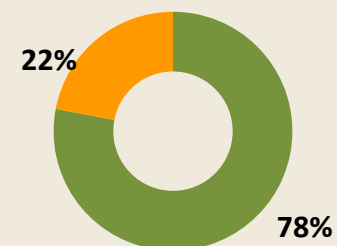
EPC [Rs. Bn.]



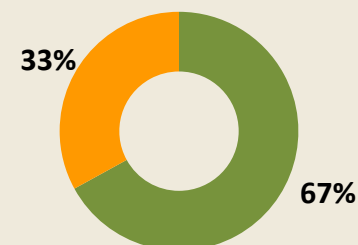
O&M [Rs. Bn.]



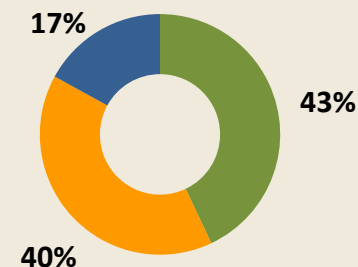
EPC O&M



Municipal Industrial



India Austria MDUs\* IIUs #



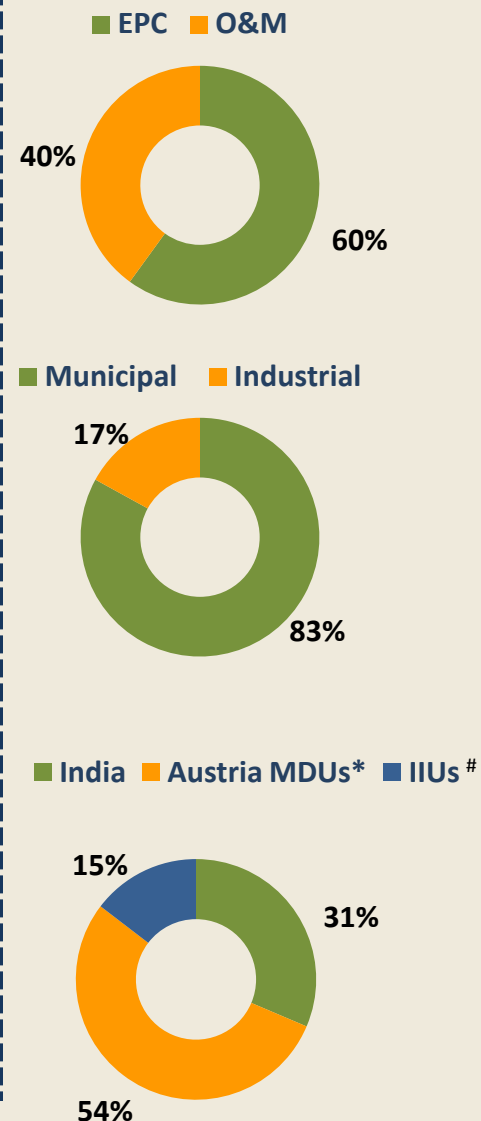
# Key Projects contributing to Revenue – 9M FY 15

Project Details	Revenue recognized [INR Mn]
Al Ghubrah 191MLD SWRO , Oman	1,646
DAWASA, Tanzania - 130 MLD WTP	770
BWSSB, Belandur - 90 MLD STP	596
Izmir, Turkey - 360 MLD WTP	523
Nemmeli 100 MLD Desal – O&M, Chennai	518
RIL-ETP, C2 COMPLEX	416
GECOL, Libya - Demi & ECL	386
Aiud & Ocna Mures WWTP, Romania	346
Melamchi, 85 MLD WTP, Nepal	304
Beni Messous WWTP, Algeria	321

# Order Intake Breakup – 9M FY15

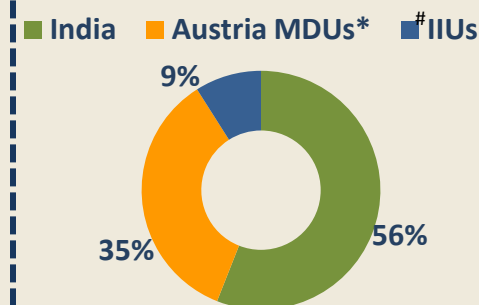
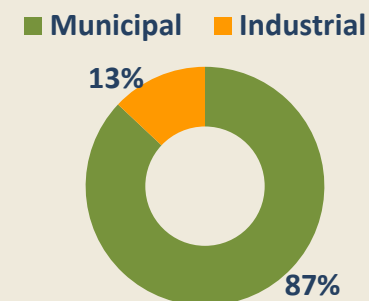
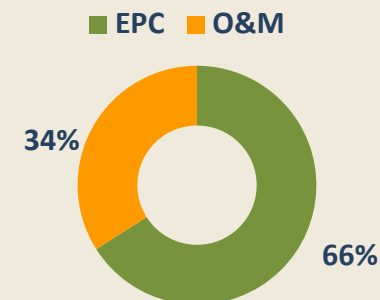
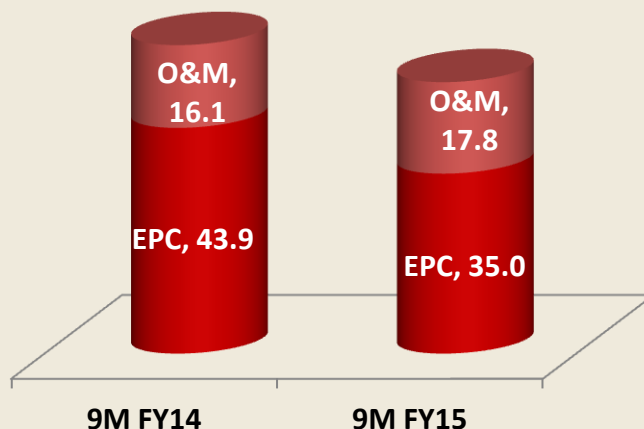
INR Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	2,783	437	1,448	78	4,746
Wabag Overseas	3,846	1,626	4,001	331	9,804
<b>Total</b>	<b>6,629</b>	<b>2,063</b>	<b>5,449</b>	<b>409</b>	<b>14,550</b>

Key Order Received in Q3	Order Value
UP Jal Nigam - 140 MLD STP	Rs. 2,190 Mn
Valenzuela, Philippines - 60 MLD STP	Rs. 1,849 Mn
Muntlupa, Philippines – 20 MLD STP	Rs. 981 Mn



# Current Order Book Composition

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	11,819	4,365	13,050	481	29,715
Wabag Overseas	17,433	1,428	3,875	410	23,147
Framework Contracts					16,866
<b>Total</b>	<b>29,252</b>	<b>5,793</b>	<b>16,925</b>	<b>891</b>	<b>69,728</b>



# Order Book of Rs. 52.8 Bn & Framework Contracts of Rs. 16.9 Bn

## Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
▪ Nemmeli, Chennai - 100 MLD Desalination O&M	4,341
▪ Ulhasnagar, Mumbai - 195 MLD WTP with O&M	3,300
▪ OWSSB, Orissa - 100 MLD STP	2,680
▪ Istanbul, Turkey O&M	2,662
▪ UP Jal Nigam - 140 MLD STP	2,190
▪ Valenzuela, Philippines - 60 MLD STP	1,849
▪ DAWASA, Tanzania - 130 MLD WTP	1,724
▪ BWSSB, Belandur - 90 MLD STP	1,672
▪ Suplac, Romania - PWTP	1,283
▪ Illugin, Phillipines - 100 MLD STP	1,264

## Key Framework Contracts \*

- Libya STP of Rs. 6,964 mn
- Tobruk, Libya Desal of Rs. 1,346 mn

## Framework Contracts won in FY15

- Istanbul O&M of Rs. 830 mn
- Ferganska Refinery, ETP of Rs. 850 mn
- Polghawella, Sri Lanka, WTP of Rs. 6,875 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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