

VA TECH WABAG LTD.

**Investor Presentation
November 2016**



Safe Harbour

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Business Overview



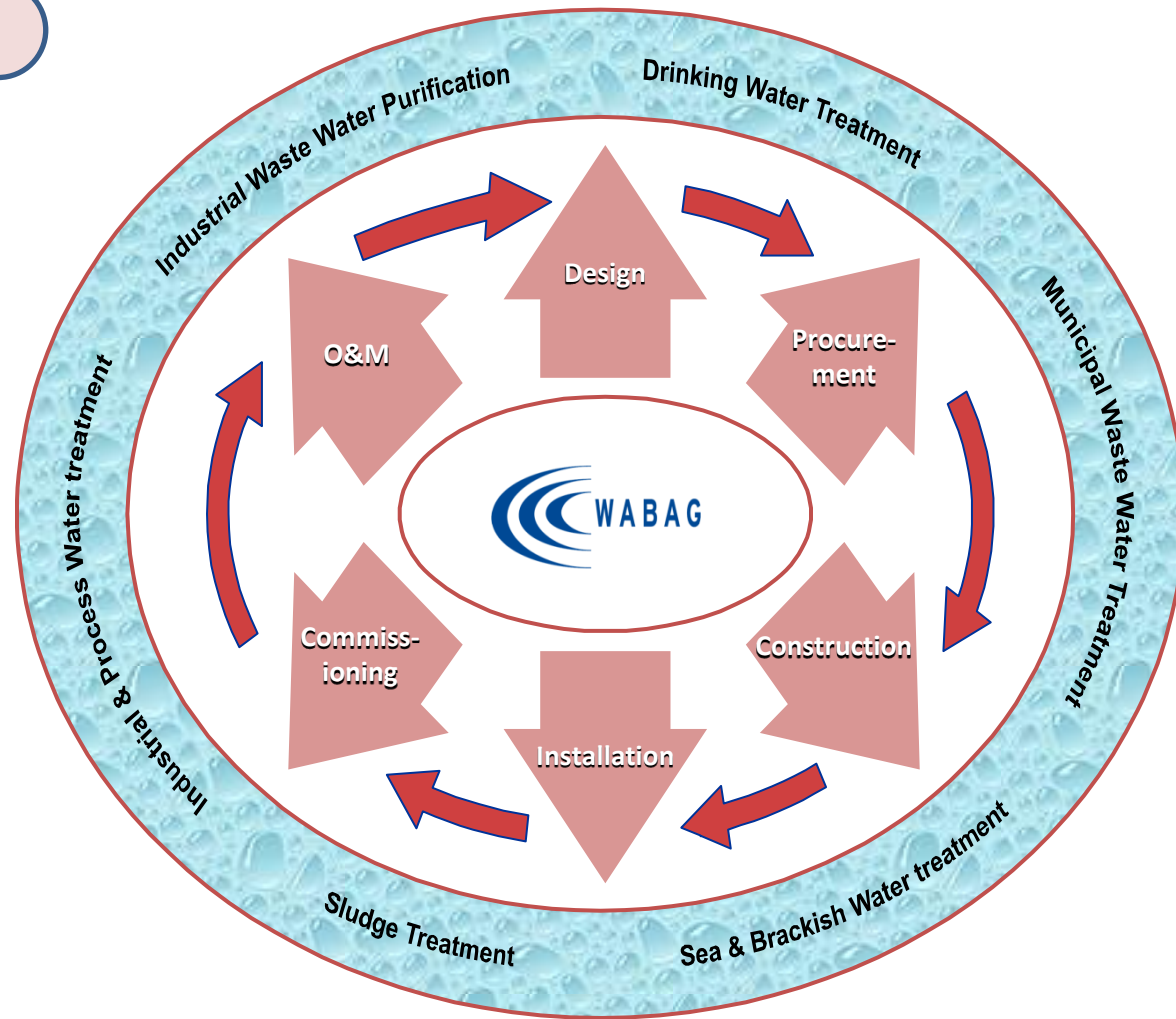
BATNA Waste Water Treatment Plant, ALGERIA

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 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

Amit Sengupta (Promoter)

- A water technologist with 37 years of experience in water engineering industry of which 14 years with Wabag
- Currently Advisor, Corporate Strategy and Global Marketing. Formerly was business head and head of S&M, corporate strategy functions 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

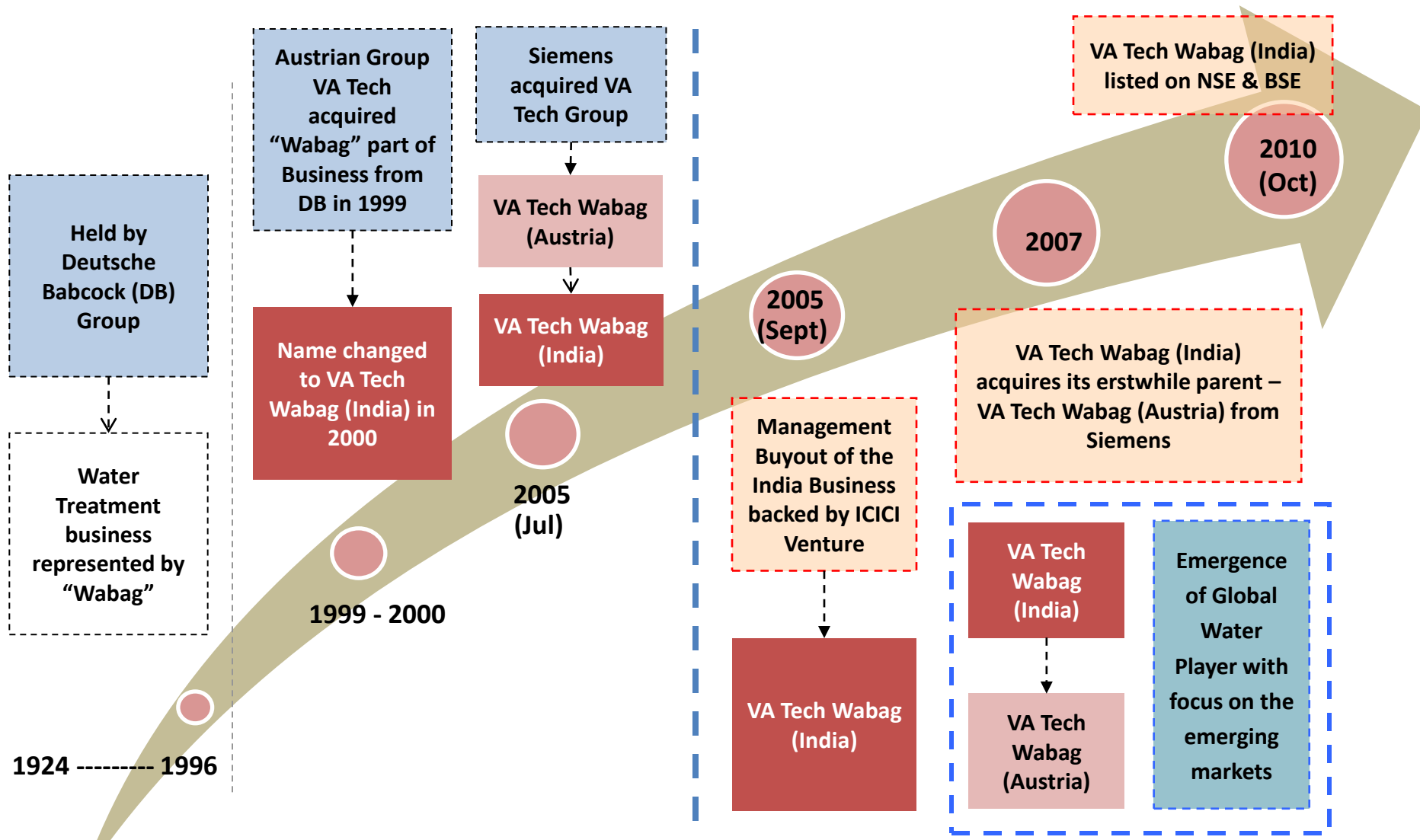


Erwin Mötz
Managing Director,
WABAG Romania



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

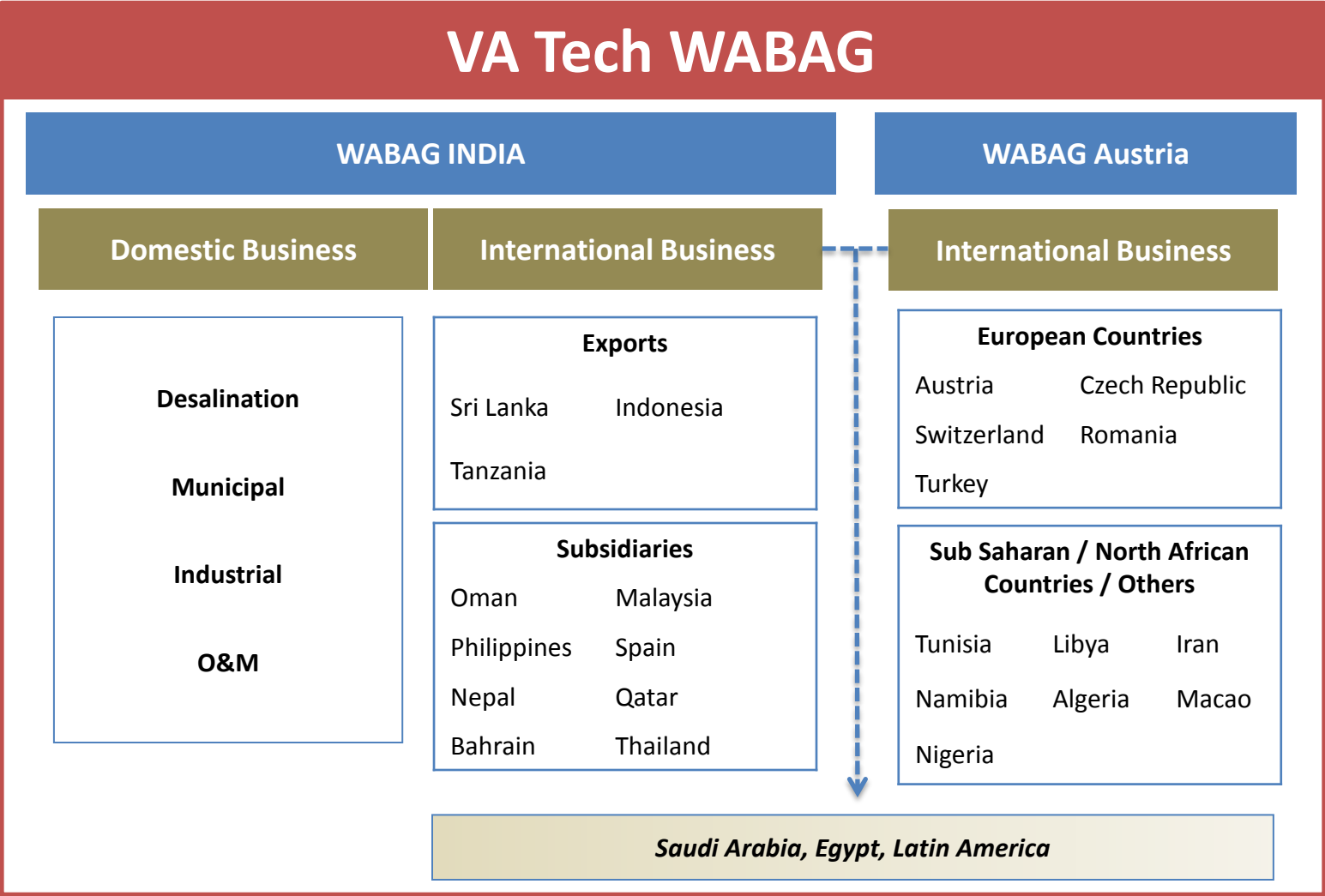
Growth in India Business

Revenue grew around 5 times
From Rs. 332 Crs to Rs. 1,503 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

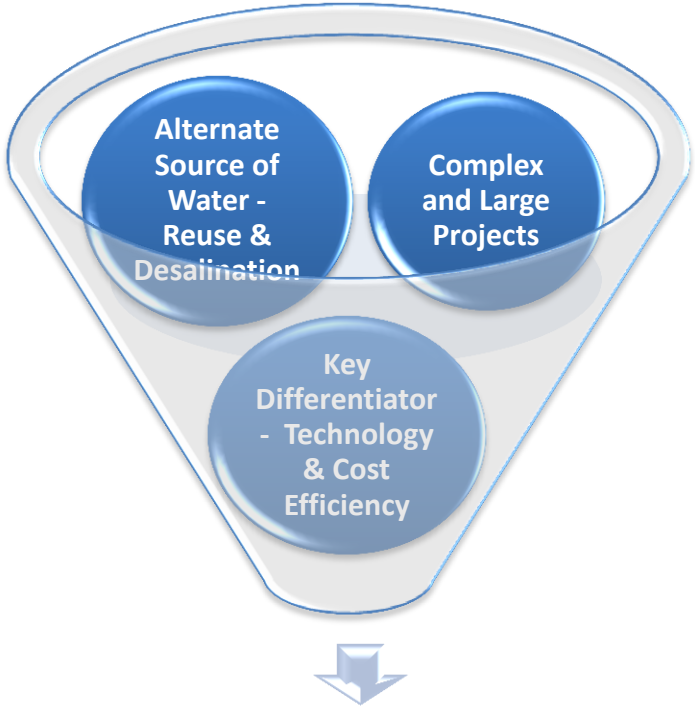
Use of Advanced Technology & R&D...

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®	

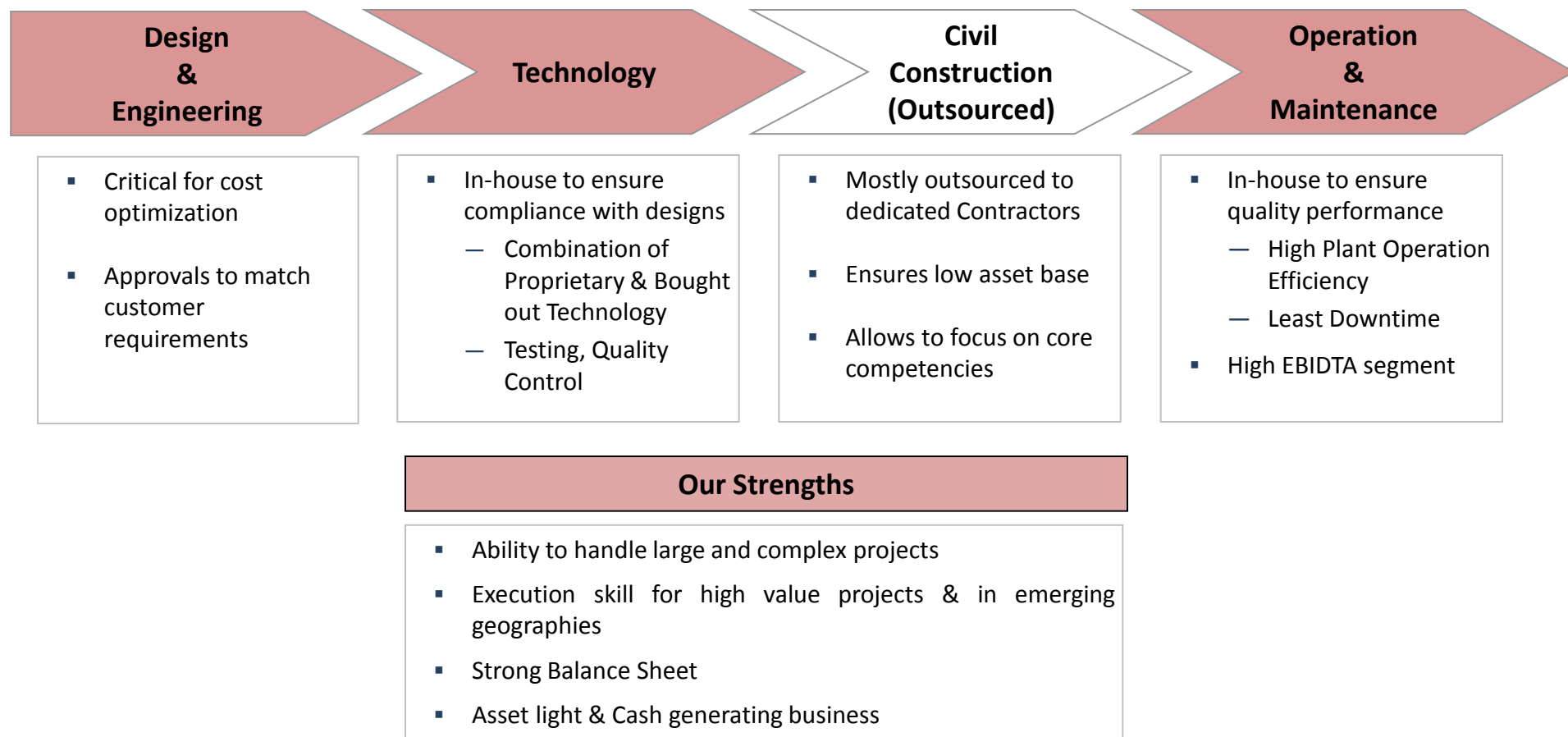
- Customized solutions employing in-house tech
- Patents owned for select products/ processes

High quality treated water – Technology is the deciding factor



**ADVANCED EUROPEAN TECHNOLOGY
@ LOCAL COST**

Asset Light Business Model



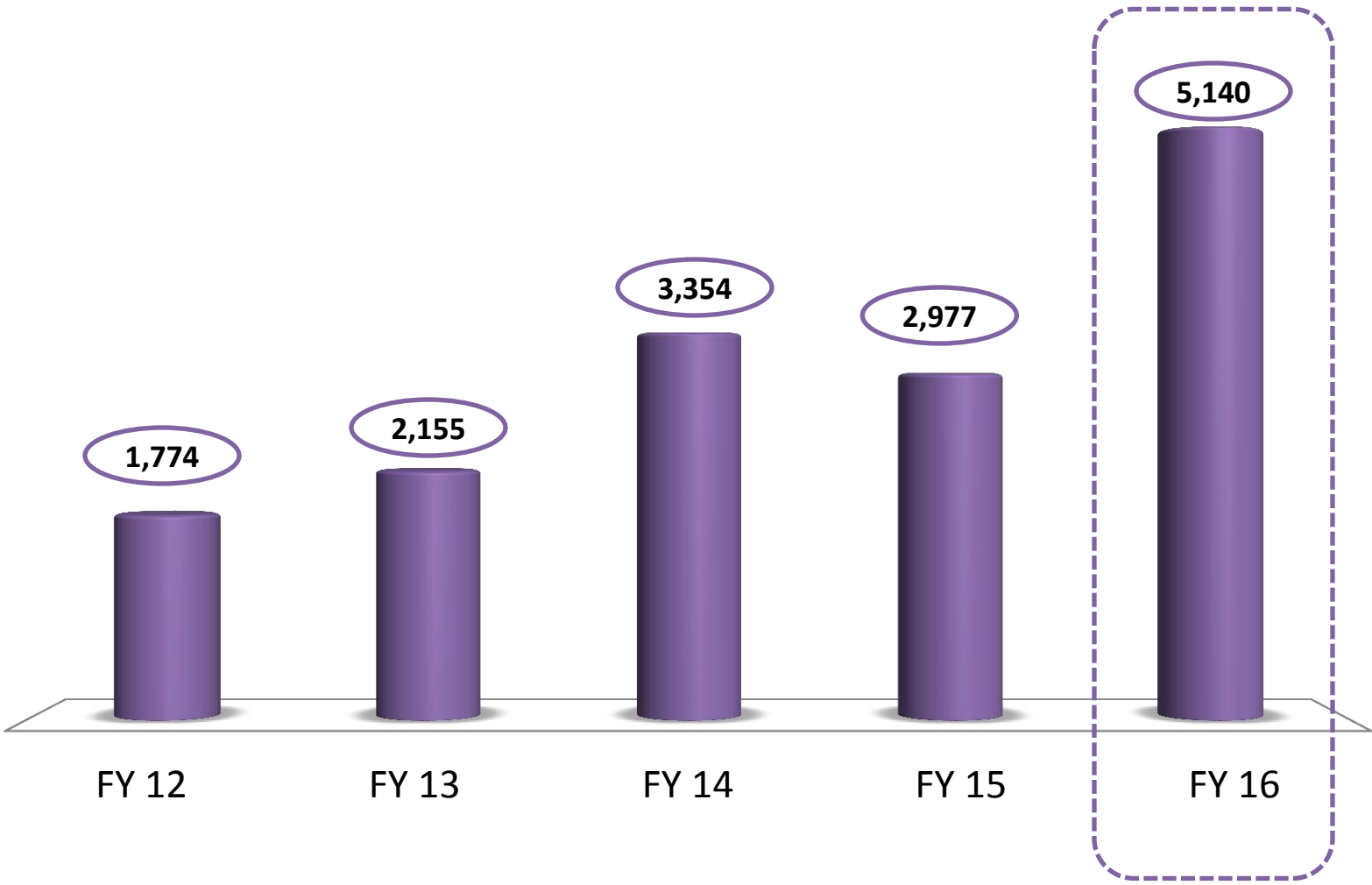
Focus on 'Value-Added & High Margin' work processes; Limits investment in Asset Base

FINANCIAL HIGHLIGHTS



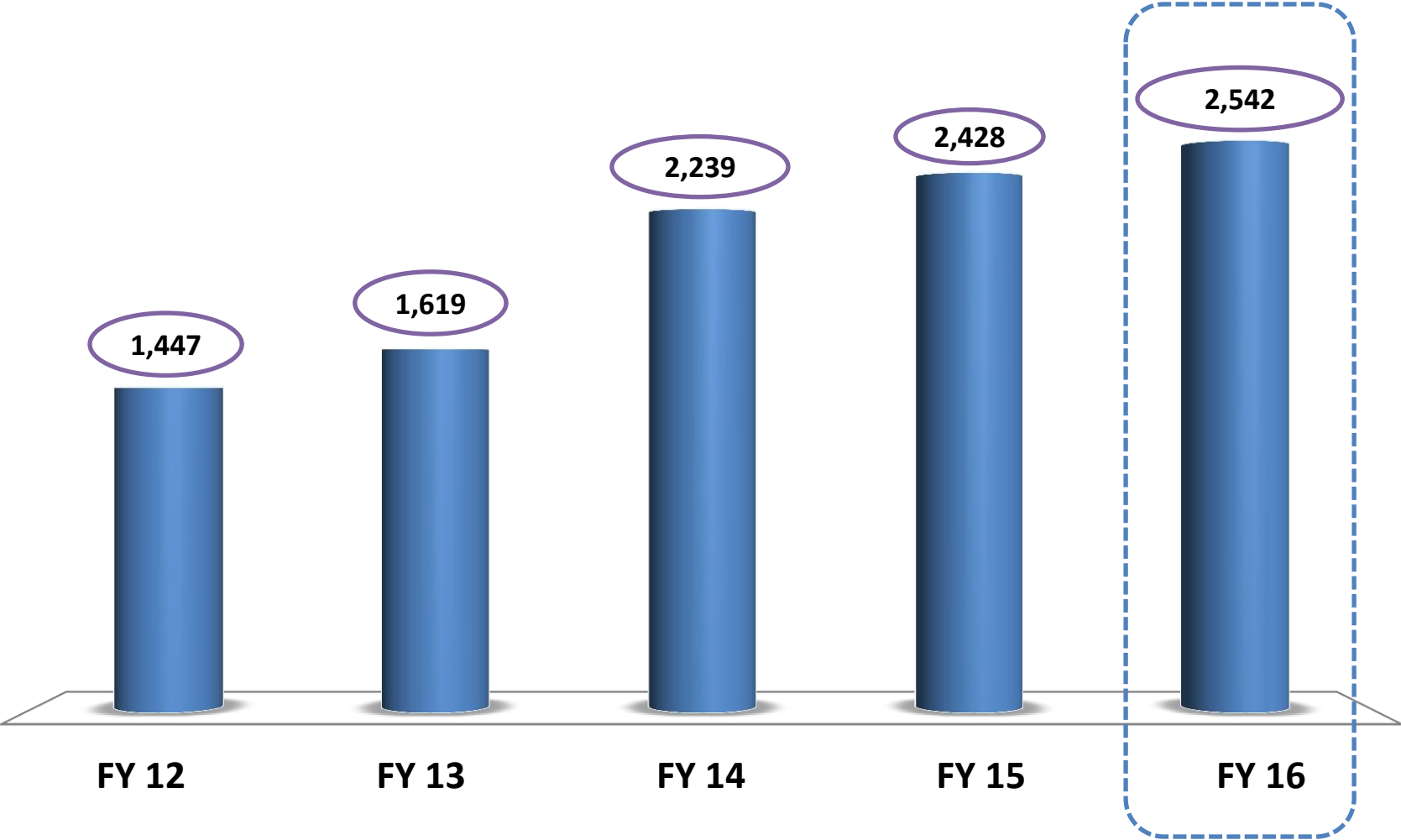
Waste Water Treatment Plant,
Turkey

Yearly Order Intake



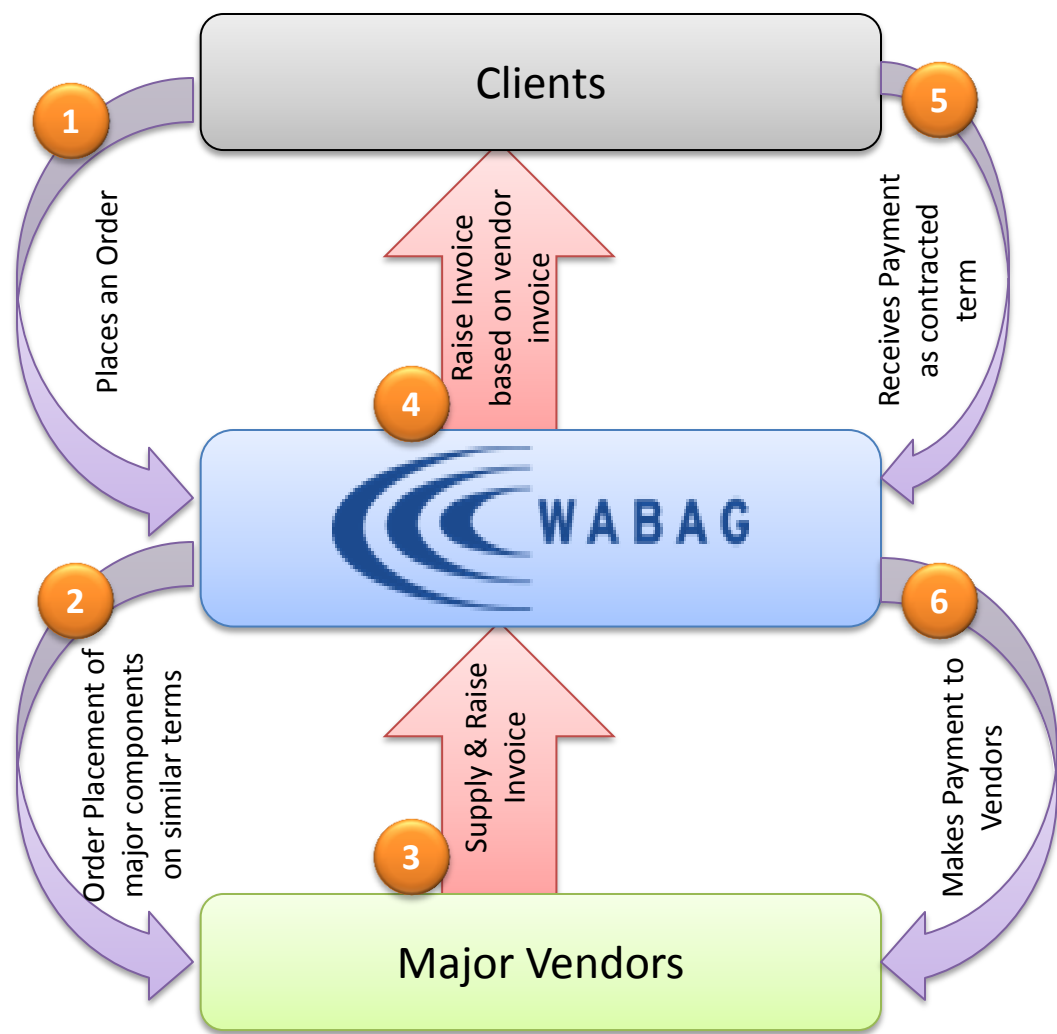
Rs. Crs.

Robust Revenue Growth



Rs. Crs.

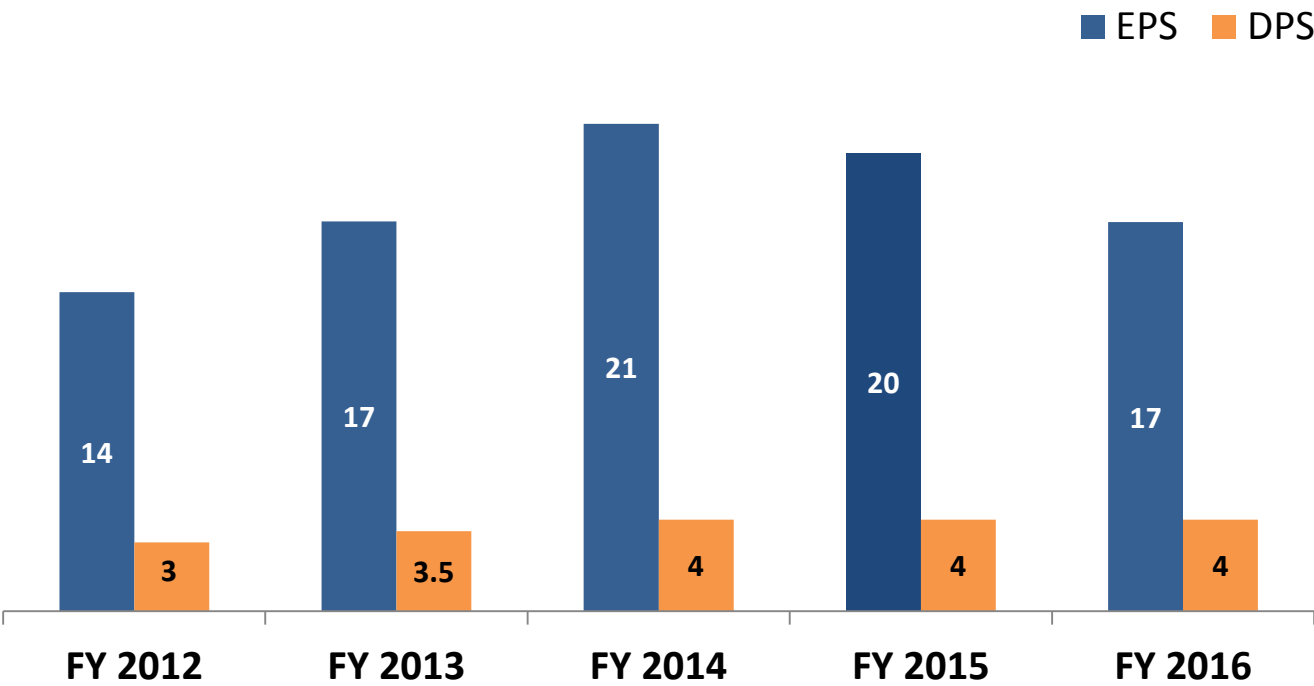
Working Capital Cycle



- 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

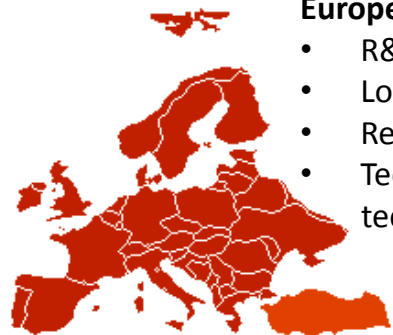
Dividend Pay-out

Adjusted for Share Split in FY 2011
Adjusted for Bonus Issue of 1:1 in FY 2015



Earning Per Share (Rs.)	14	17	21	20	17
Dividend Per Share (Rs.)	3	3.5	4	4	4
Dividend Payout	21 %	21 %	19%	20%	24%

Strategic Geographical Spread



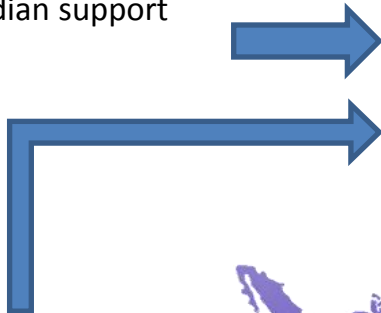
Europe

- 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



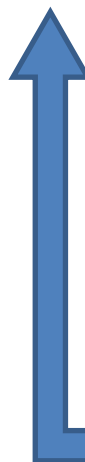
LATAM

- Huge market for Desal, Industrial and BOOT Projects



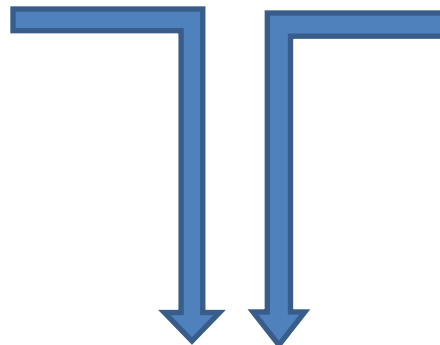
India

- 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	Q2 FY17	Q2 FY 16	YOY %	H1 FY 17	H1 FY 16	YoY %
Income	4,485	3,245	38%	7,042	5,784	22%
Other Operating Income	51	30	72%	96	56	71%
Cost of Sales	3,596	2,620	37%	5,537	4,384	26%
Total Cost of Operations (TCO)	431	279	54%	855	784	9%
EBITDA	509	376	36%	746	671	11%
EBITDA margin	11.4%	11.6%		10.6%	11.6%	
Net (Gain) / Loss on Forex	1	-54		-100	-56	78%
Interest & Finance Charges (Net)	50	31	65%	97	43	123%
Depreciation & Amortization	24	30	-22%	48	62	-23%
Tax	150	127	18%	243	215	13%
Profit After Tax	284	241	18%	459	408	12%
PAT margin	6.3%	7.4%		6.5%	7.1%	
Other Comprehensive Income	-3	-2		-5	-2	
Total Comprehensive Income	281	240	17%	453	405	12%

- Good opening order backlog followed through with better execution lead to 38% increase in Sales in Q2
- Good margin in international projects secured in IIU's in PY enabled us to maintain a healthy margin
- Increase in interest and finance charges mainly due to increase in short term borrowing for working capital and increased bank charges for higher order book

RESULTS OVERVIEW – Consolidated Profit and Loss

Rs. Millions	Q2 FY17	Q2 FY 16	YOY %	H1 FY 17	H1 FY 16	YoY %
Income	7,771	5,924	31%	13,565	10,472	30%
Other Operating Income	6	9	-41%	14	16	-15%
Cost of Sales	6,296	4,787	32%	10,930	8,147	34%
Total Cost of Operations (TCO)	900	672	34%	1,794	1,583	13%
EBITDA	580	475	22%	855	759	13%
EBITDA margin	7.5%	8.0%		6.3%	7.2%	
Net (Gain) / Loss on Forex	-5	-25	-82%	-50	-21	144%
Interest & Finance Charges (Net)	94	101	-7%	204	169	21%
Depreciation & Amortization	47	53	-11%	93	104	-11%
Tax	186	151	24%	296	247	19%
Share of Profits from Associates / MI	-17	-54	-69%	-20	-215	-91%
Profit After Tax	240	142	70%	292	44	566%
PAT margin	3.1%	2.4%		2.2%	0.4%	
Other Comprehensive Income	96	-58		94	-67	
Total Comprehensive Income	337	84	301%	386	-23	

- Good progress in execution in IIU projects like Petronas, Malaysia and AMAS, Bahrain led to increase in Sales by more than 20% in Q2 (other than Standalone)
- Good international projects in IIU's contributed to improved margins
- Share of profits from Associates and Minority interests in Q2 & H1 FY 16 majorly represents the reclassification as per IND-AS requirement. No impact in PAT.

RESULTS OVERVIEW – Balance Sheet

Rs. Millions	Sep'16	Sep'16
	Consolidated	Standalone
Net Worth	9,402	7,980
Non-Current Liabilities	2,724	1,753
Trade Payables	11,732	7,351
Short Term Borrowings	4,696	3,587
Other Current Liabilities	3,867	664
Total Liabilities	32,420	21,334
Fixed Assets	1,812	932
Other Non-Current Assets	3,874	3,962
Trade Receivables	18,736	11,577
Cash & Bank Balances	3,521	772
Other Current Assets	4,477	4,092
Total Assets	32,420	21,334

➤ As per SEBI directive, Ind-AS restated previous year Balance Sheet will be published as part of Full Year FY 17 financials

RESULTS OVERVIEW – Working Capital Highlights

Rs. Millions	Sep'16	Mar '16*
Inventories	1,548	976
Trade Receivables	18,736	17,682
Loans and Advances	1,574	1,099
Other Current Assets	1,356	1,503
Total Current Assets (A)	23,213	21,260
Trade Payables	11,732	10,399
Other Current Liabilities and Provisions	3,867	4,170
Total Current Liabilities (B)	15,599	14,569
Net Working Capital (NWC)	7,615	6,691
Net Working Capital (No. of Days)	98	96

**as per published financials*

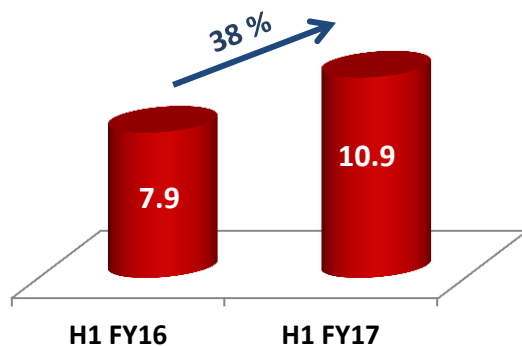
- APGENCO project receivable's contribute ~16% of receivables, of which 50% will be due in the course of next 4-5 months and balance in FY 18
- Judicious use of Cash / Short Term borrowings and negotiation of credit terms with vendors led to control in working capital despite strong increase in turnover

Net working capital no. of days sales at 98 days

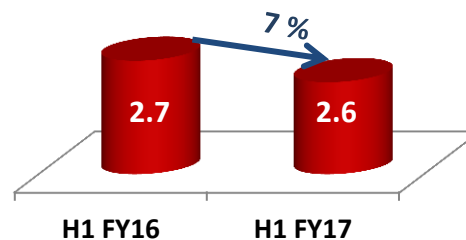
Revenue Breakup – H1 FY17

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	1,888	4,425	558	171	7,042
Wabag Overseas	2,953	1,654	1,398	518	6,523
Total	4,841	6,079	1,956	689	13,565

EPC [Rs. Bn.]

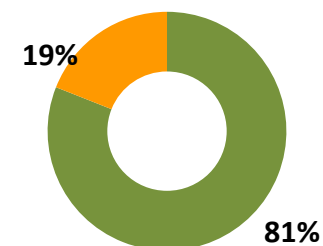


O&M [Rs. Bn.][@]

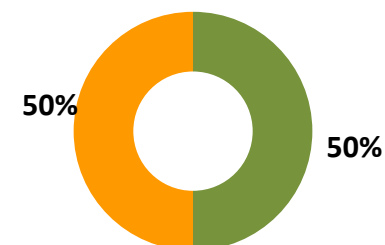


[@] The power cost component of Nimmeli O&M was removed from the backlog in Q3 FY16

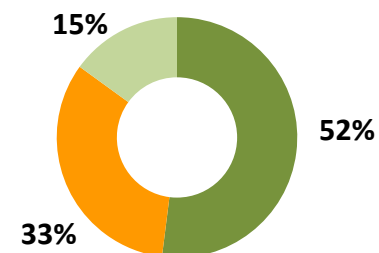
EPC O&M



Municipal Industrial



India Austria MDUs* IIUs #



Key Projects Contributing to Revenue – H1 FY 17

Project Details	Revenue recognized [Rs. Mn]
▪ APGENCO – BOP with Water management	2,002
▪ Petronas RAPID ETP, Malaysia	1,979
▪ AMAS, Bahrain – 40 MLD STP	1,163
▪ Istanbul, Turkey O&M	766
▪ RIL Projects	559
▪ Dangote, Nigeria – 60 MLD RWTP	462
▪ Suplac, Romania – ETP	392
▪ UP Jal Nigam – 140 MLD STP	384
▪ Ferganska, Uzbekistan – WWTP	320
▪ Polatli, Turkey – WWTP	300

Order Book Analysis – H1 FY17

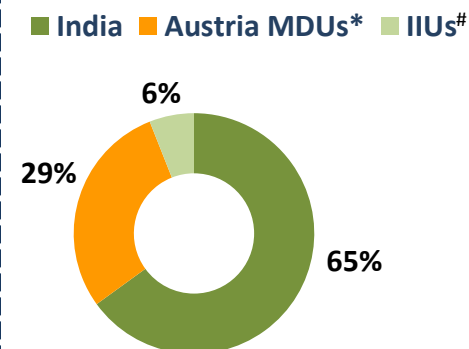
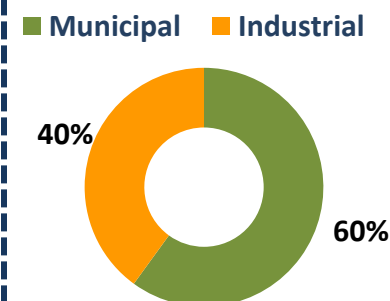
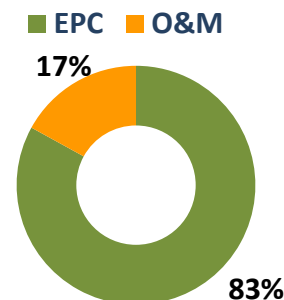


Order Intake Breakup – H1 FY17

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	4,989	4,132	596	171	9,889
Wabag Overseas	2,609	867	882	967	5,324
Total	7,598	4,999	1,478	1,138	15,213

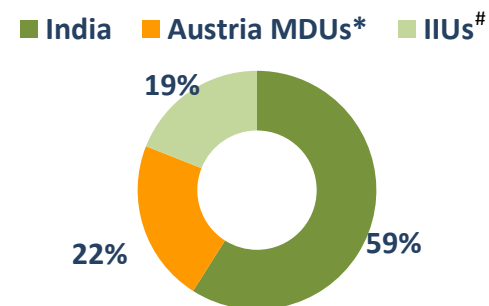
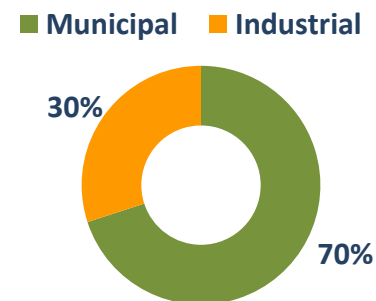
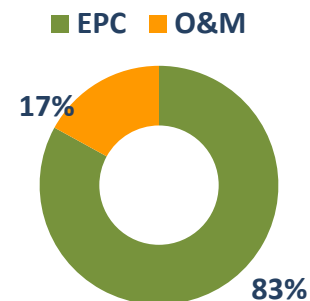
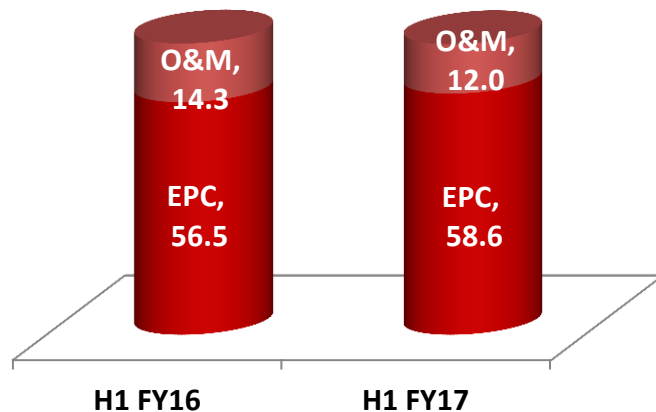
Key Orders Received in Q2	Order Value (Rs. Mn)
■ Las Esclusas, Ecuador – 230 MLD WWTP*	2,625
■ Ismailia, Egypt – 180 MLD WTP	1,087
■ PUB, Singapore – O&M	582
■ Makati, Philippines – STP Rehab	353

* Las Esclusas, Ecuador – 230 MLD WWTP Project not part of Order Backlog since the project revenue will not be part of consolidation; WABAG has a 40% stake in this project.



Order Book Composition – H1 FY17

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	20,602	10,963	10,158	179	41,902
Wabag Overseas	18,185	8,889	368	1,309	28,751
Framework Contracts					8,659
Total	38,787	19,852	10,526	1,488	79,311



Order Book of Rs. 71 Bn & Framework Contracts of Rs. 8.7 Bn

Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
• Petronas RAPID ETP, Malaysia	11,088
• Polgahawela, Sri Lanka – WTP	7,340
• Koyambedu, Chennai – 45 MLD TTP	5,910
• AMAS, Bahrain – 40 MLD STP	3,979
• APGENCO – BOP with Water Management	3,522
• OWSSB, Orissa – 100 MLD STP with O&M	1,719
• Guheshwori, Nepal – WWTP	1,351
• Valenzuela, Philippines - 60 MLD STP	1,316
• UP Jal Nigam - 140 MLD STP	1,099
▪ Ismailia, Egypt – 180 MLD WTP	1,087

Key Framework Contracts *

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

Framework Contracts won in FY 16

- 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 17

Revenue : INR 30 Bn – INR 32 Bn & Order Intake : INR 40 Bn – INR 42 Bn



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