

# Water +ve



**VA TECH WABAG LTD.**

Investor Presentation  
August 2017

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# Business Overview



**BATNA Waste Water Treatment Plant, ALGERIA**

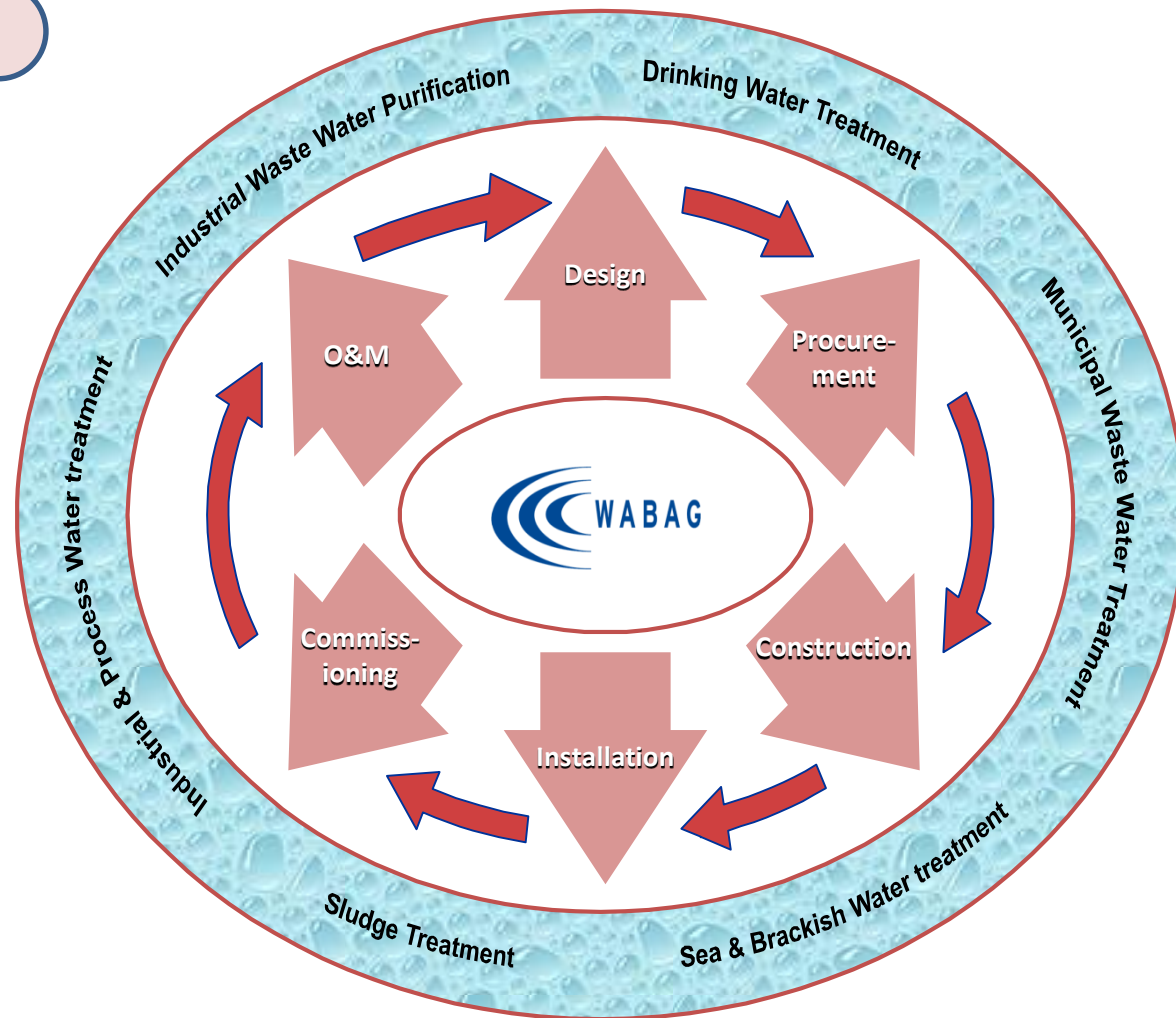
# Complete Water Treatment Solution Provider...

- ✓ 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

## 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



**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



**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

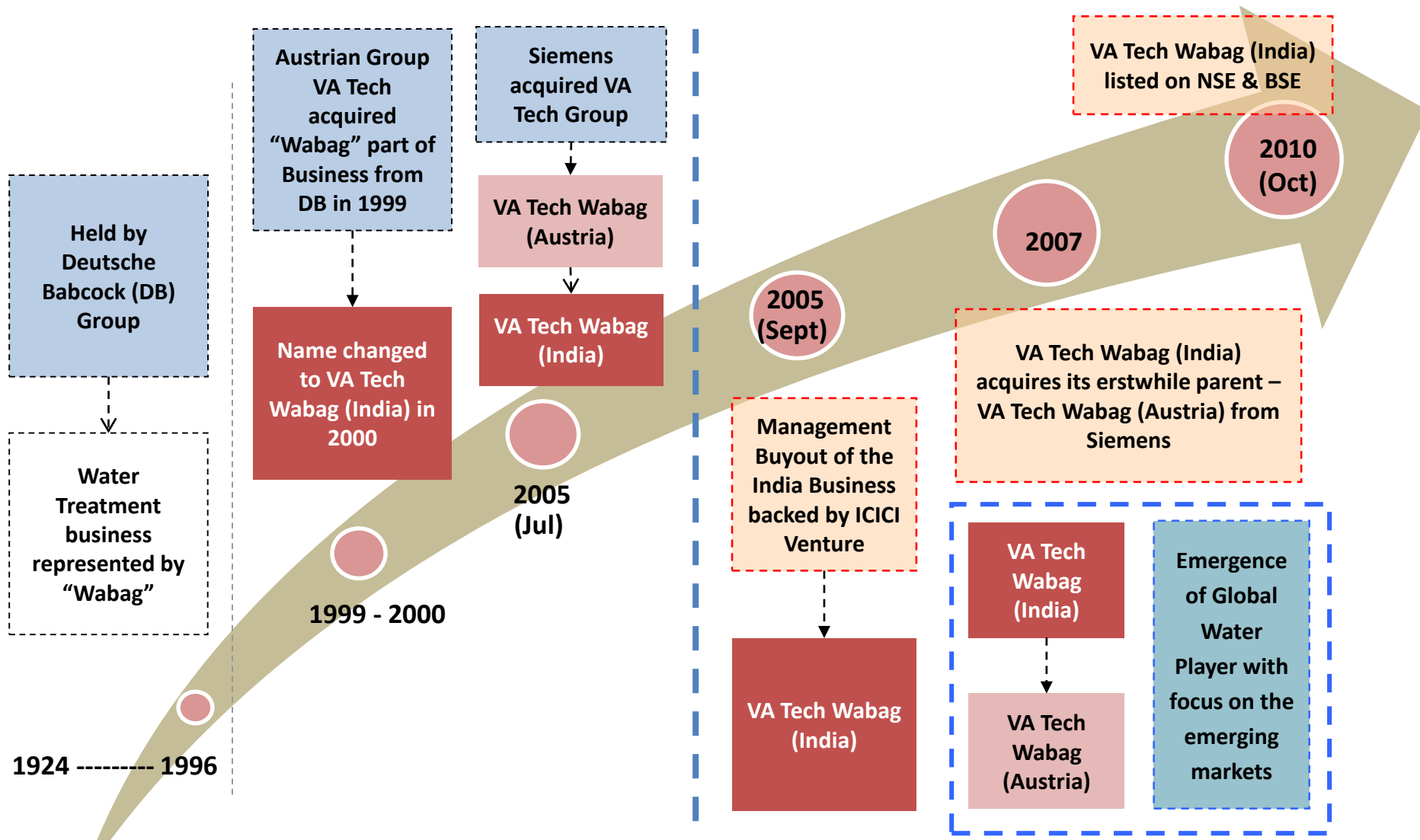


**Erwin Mötz**  
Managing Director,  
WABAG Romania



**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

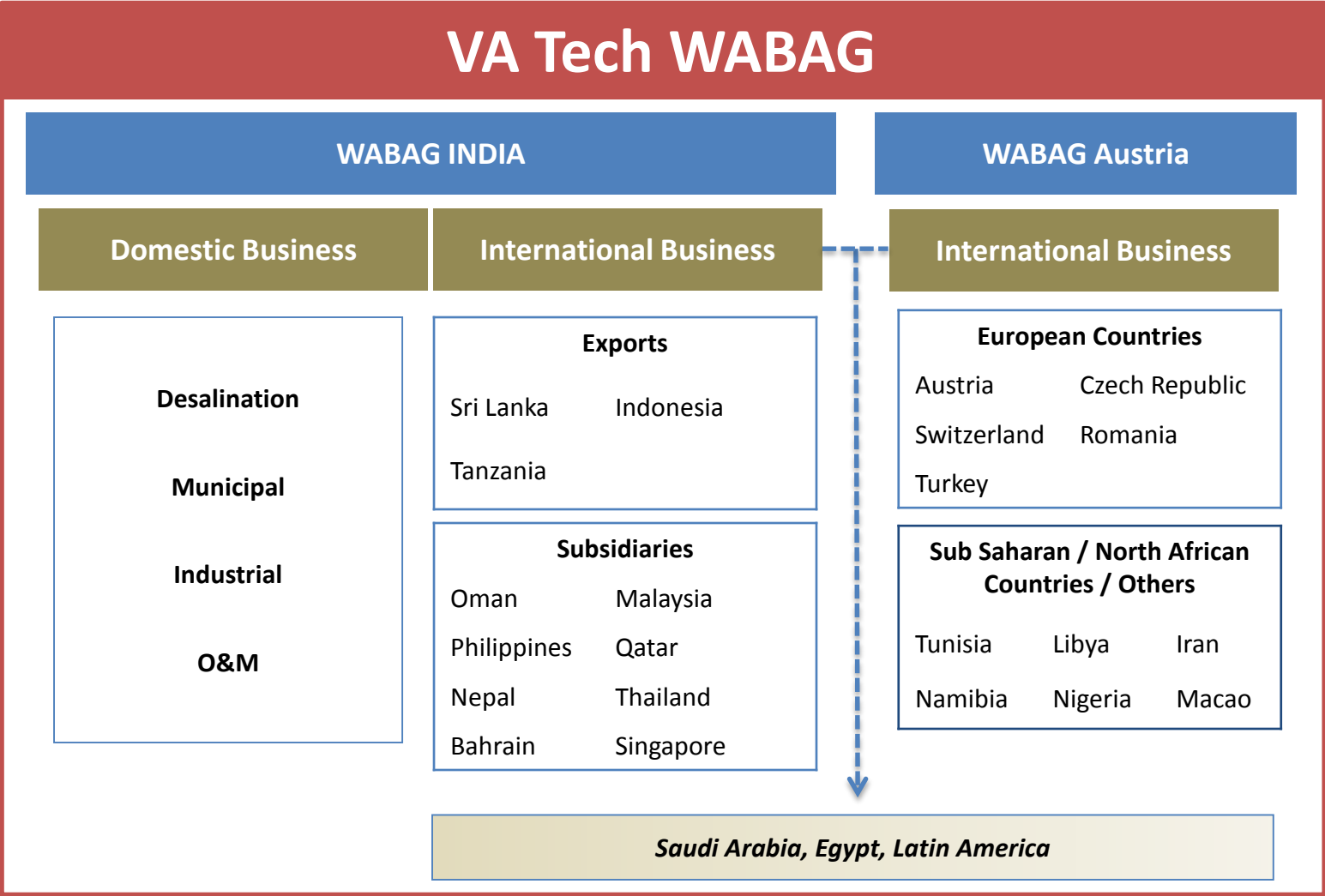
### Growth in India Business

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

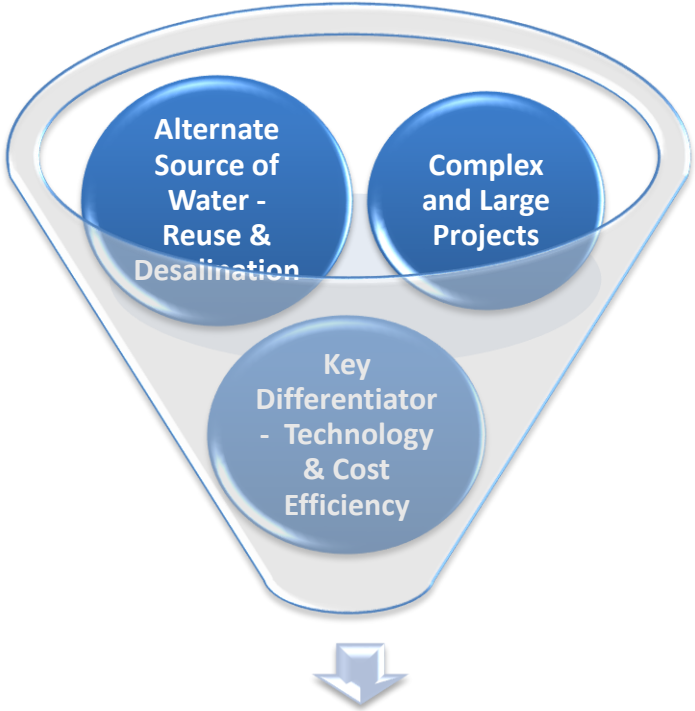
# Use of Advanced Technology & R&D...

## 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®	

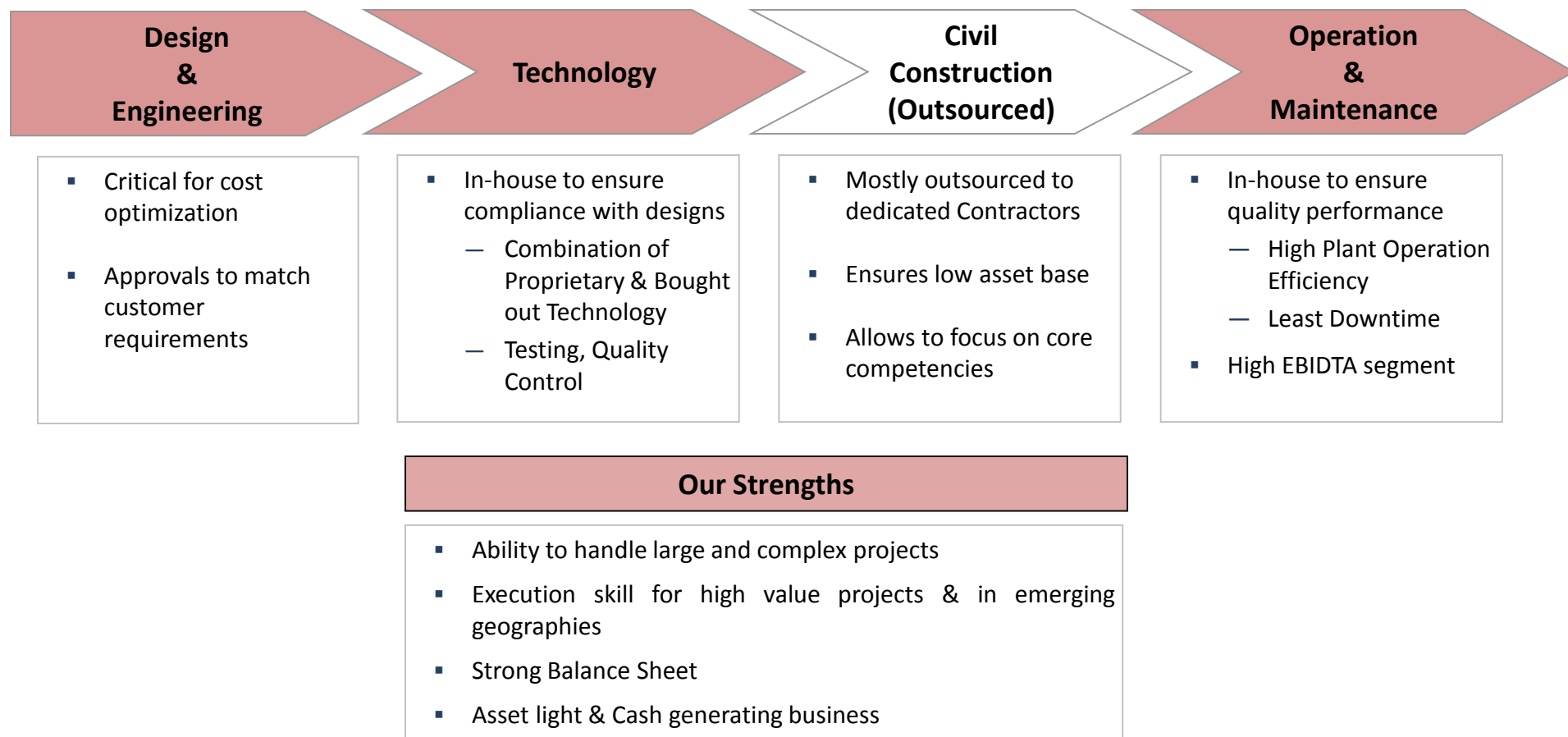
- Customized solutions employing in-house tech
- Patents owned for select products/ processes

## 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**

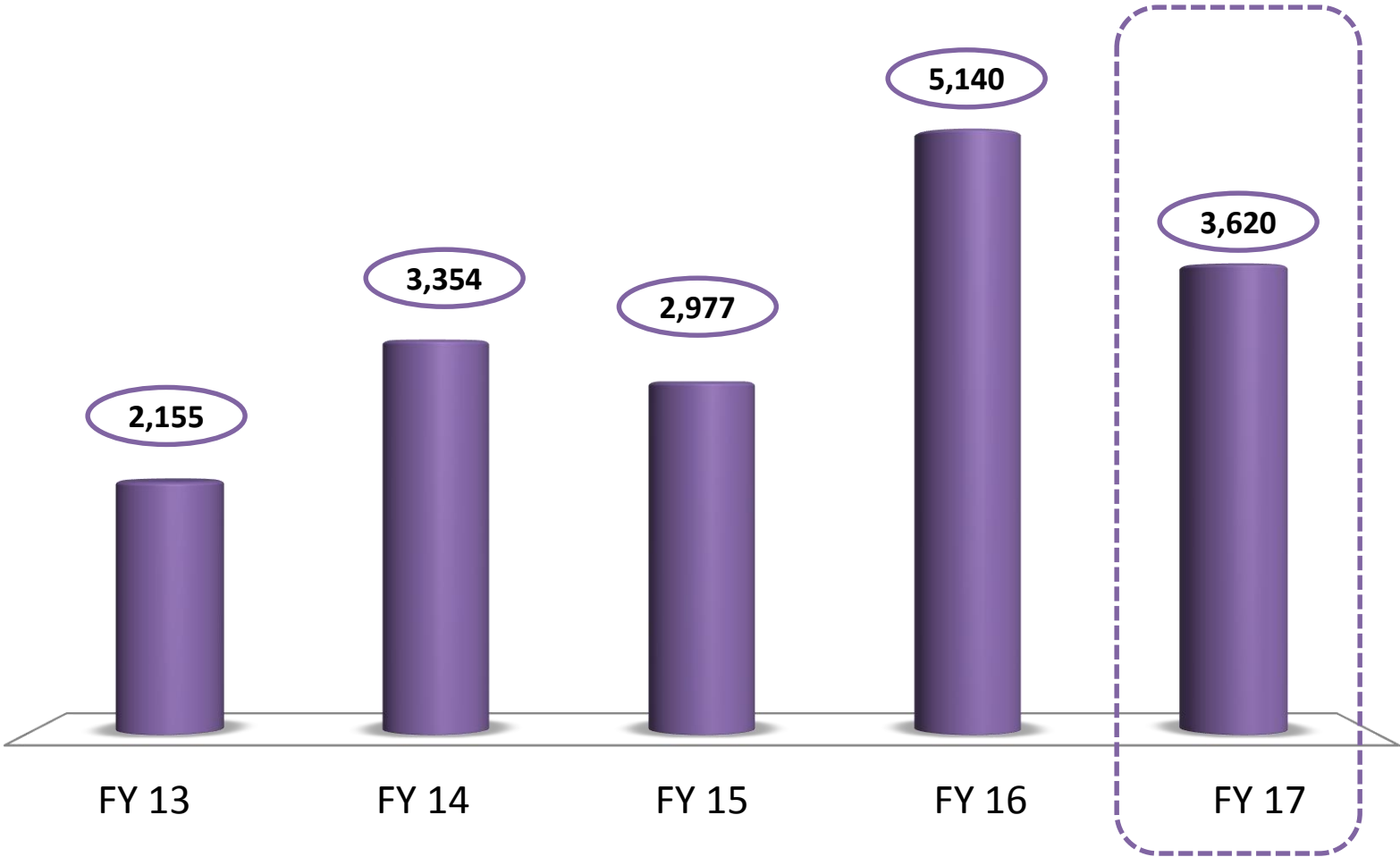


# FINANCIAL HIGHLIGHTS



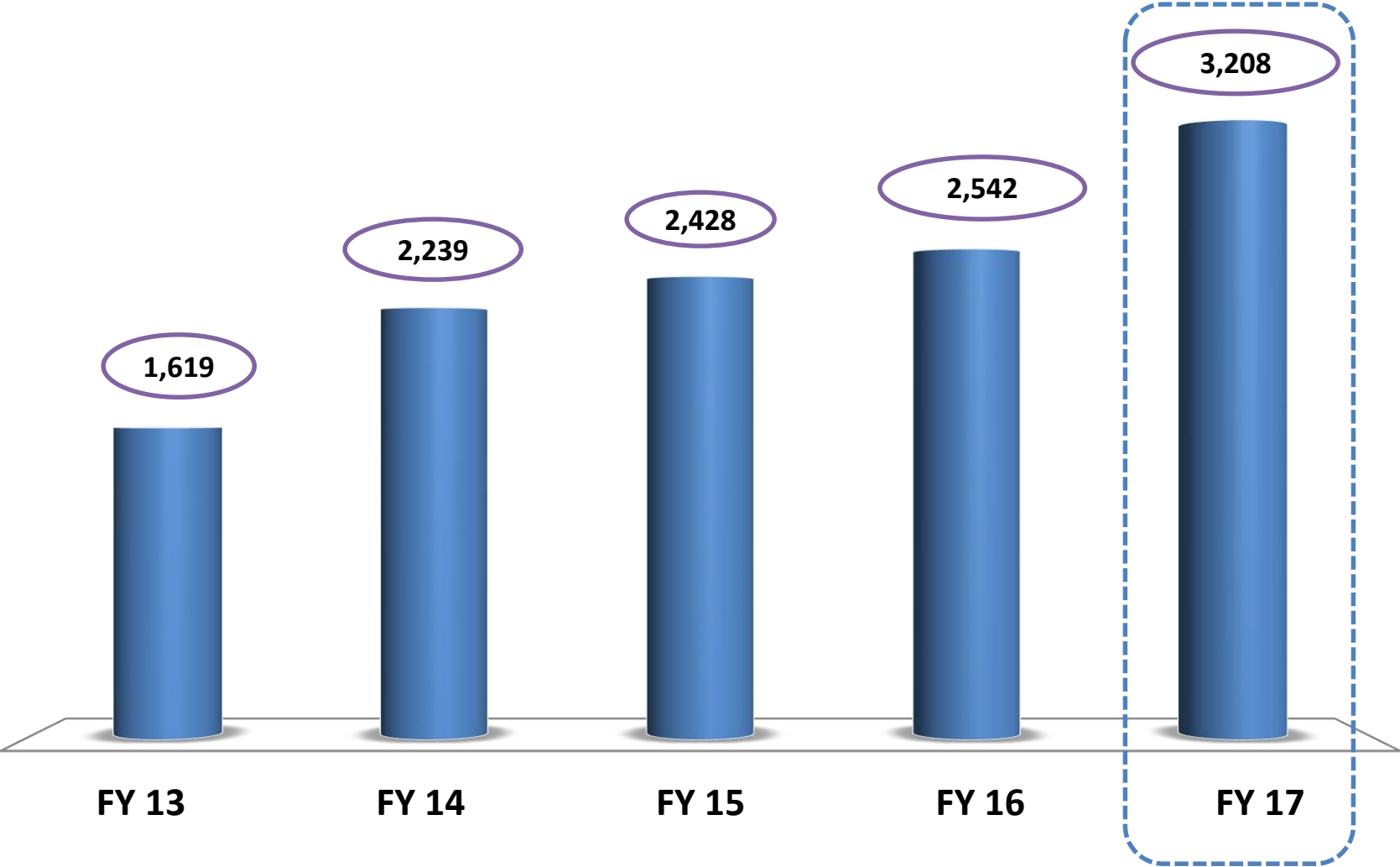
Waste Water Treatment Plant,  
Turkey

# Yearly Order Intake



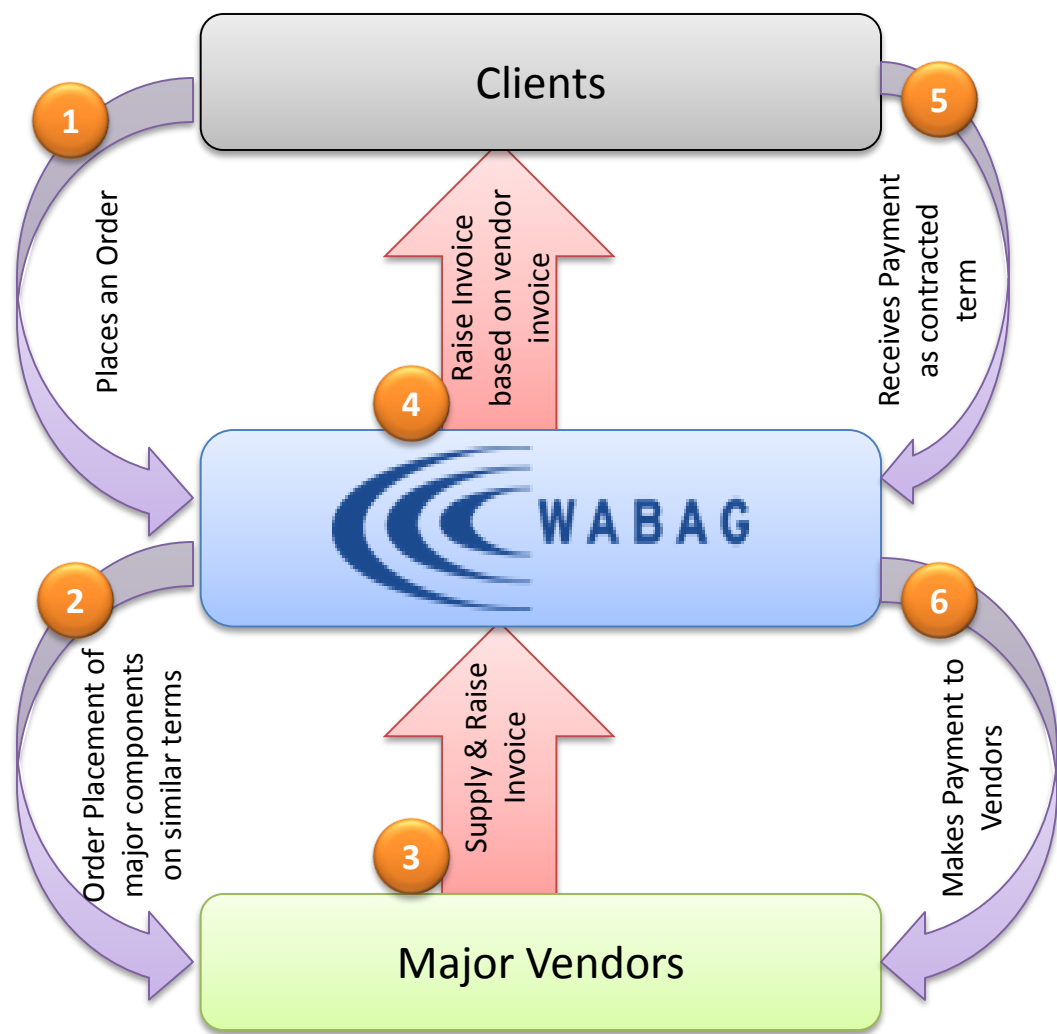
Rs. Crs.

# Robust Revenue Growth



Rs. Crs.

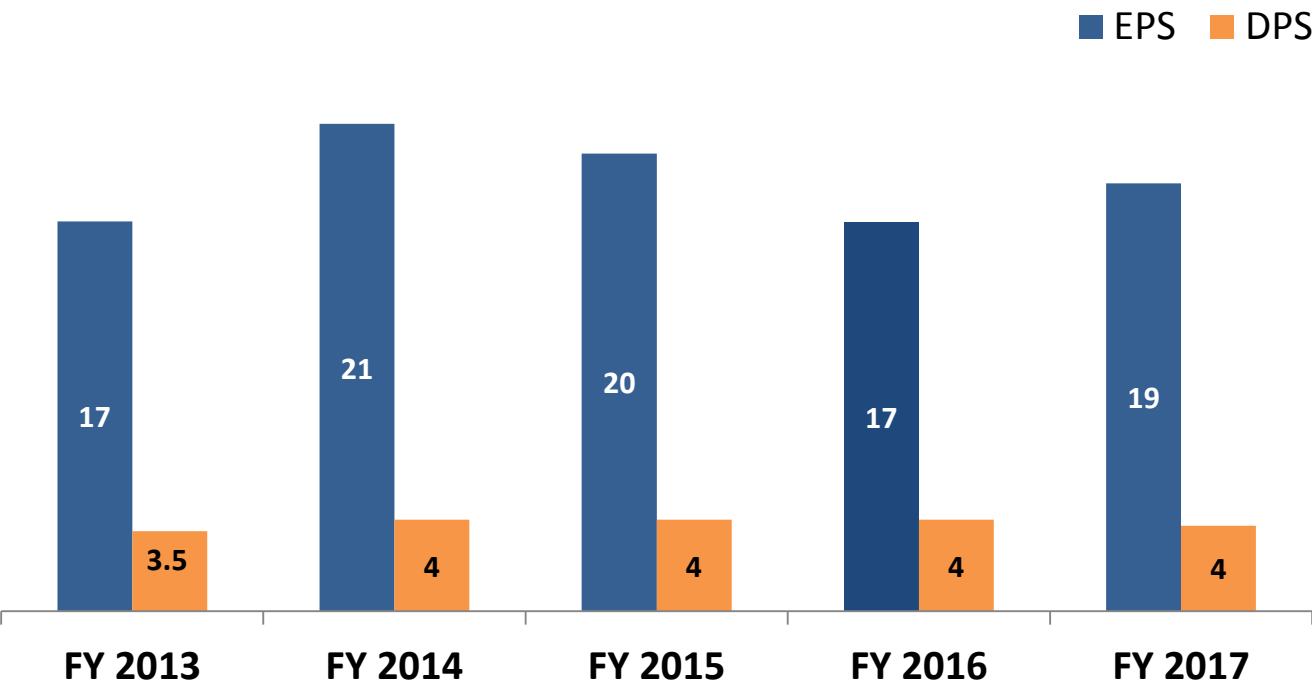
# Working Capital Cycle



- 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

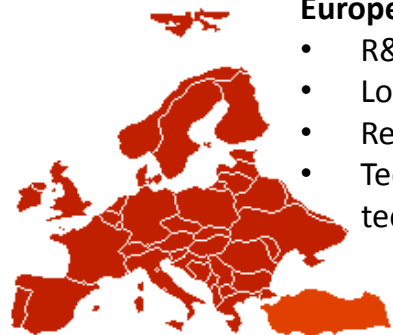
Adjusted for Bonus Issue of 1:1 in FY 2015



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



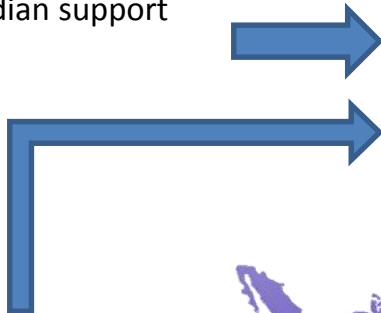
## Europe

- 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



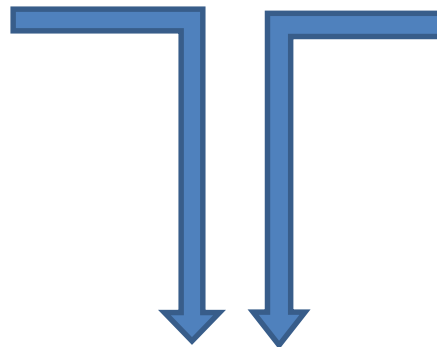
## LATAM

- 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	Q1 FY18	Q1 FY 17	YOY %	FY 17
Revenue from Operations	3,545	2,602	36%	17,984
Cost of Sales	2,676	1,941	38%	13,980
Total Cost of Operations (TCO)	501	425	18%	1,984
EBITDA	369	237	56%	2,020
<b>EBITDA margin</b>	<b>10.4%</b>	<b>9.1%</b>		<b>11.2%</b>
Other Income (Interest Income & Dividends)	2	3	-50%	74
Net (Gain) / Loss on Forex	0	-101		-139
Interest & Finance Charges	71	49	44%	233
Depreciation & Amortization	23	24	-3%	95
Exceptional Item	-	-		643
Tax	96	93	3%	510
Profit After Tax	181	175	3%	750
<b>PAT margin</b>	<b>5.1%</b>	<b>6.7%</b>		<b>4.2%</b>

- Robust growth in topline aided by a healthy order backlog and speed of execution
- EBITDA growth by an impressive 56% through efficiencies on execution of big ticket orders
- Increase in Interest & Finance Charges is mainly on account of increase in Bank charges

# RESULTS OVERVIEW – Consolidated Profit and Loss

Rs. Millions	Q1 FY18	Q1 FY 17	YOY %	FY 17
Revenue from operations	6,686	5,803	15%	32,079
Cost of Sales	5255	4,634	13%	25,388
Total Cost of Operations (TCO)	1012	894	13%	3,725
EBITDA	418	275	52%	2,966
<b>EBITDA margin</b>	<b>6.3%</b>	<b>4.7%</b>		<b>9.3%</b>
Other Income (Interest Income & Dividends)	6	10	-33%	97
Net (Gain) / Loss on Forex	-13	-46	-71%	-15
Interest & Finance Charges	133	119	12%	526
Depreciation & Amortization	45	46	-1%	191
Tax	160	109	46%	667
Share of Profits from Associates / MI	-16	-4	322%	-671
Profit After Tax	84	52	61%	1,024
<b>PAT margin</b>	<b>1.3%</b>	<b>0.9%</b>		<b>3.2%</b>

- Robust execution from the Standalone ramped up the topline growth by 15% despite translation impact due to Rupee appreciation against Euro by 6%
- Good margins and higher revenues in IIUs reflects the growth of Operating Profits by an impressive 52%

# 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>



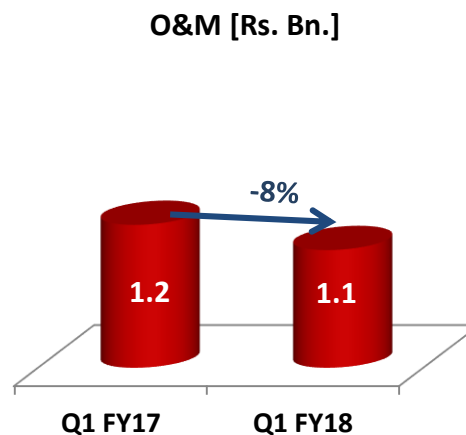
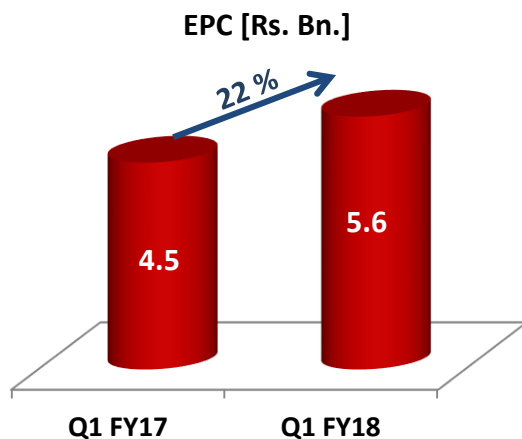
# RESULTS OVERVIEW – Working Capital Highlights

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>

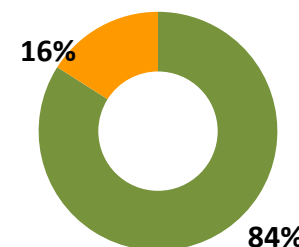
**Net working capital no. of days sales at 68 days**

# Revenue Breakup – Q1 FY18

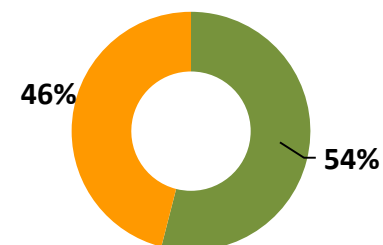
Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	1,783	1,381	257	124	3,545
Wabag Overseas	1,115	1,318	450	258	3,141
<b>Total</b>	<b>2,898</b>	<b>2,699</b>	<b>707</b>	<b>382</b>	<b>6,686</b>



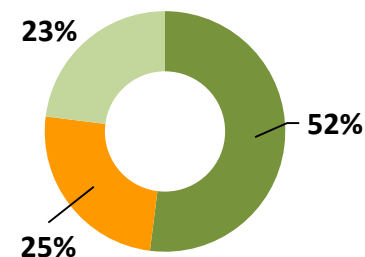
■ EPC ■ O&M



■ Municipal ■ Industrial



■ India ■ Europe MDUs\* ■ IIUs #



# Key Projects Contributing to Revenue – Q1 FY18

Project Details	Revenue recognized [Rs. Mn]
▪ Petronas RAPID, Malaysia – ETP	1488
▪ AMAS, Bahrain – STP	563
▪ Polgahawela, Sri Lanka – WTP	443
▪ APGENCO – BOP with Water Management	351
▪ Koyambedu, Chennai – TTP	290
▪ Long Phu 1, Vietnam – WTP	267
▪ Sanilurfa, Turkey – STP	256
▪ OWSSB, Orissa – STP	133
▪ Guheshwori, Nepal – STP	132
▪ UP Jalnigam, Varanasi – STP	121

# Order Book Analysis – Q1 FY18

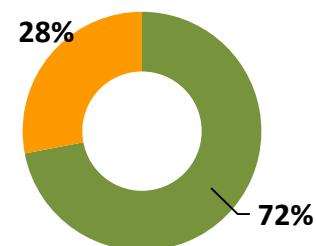


# Order Intake Breakup

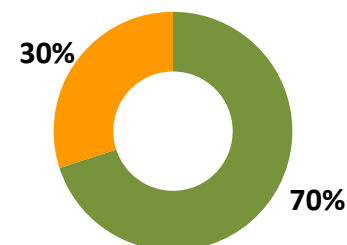
Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	2,973	1,411	1,097	315	5,797
Wabag Overseas	664	25	185	360	1,234
<b>Total</b>	<b>3,637</b>	<b>1,436</b>	<b>1,282</b>	<b>675</b>	<b>7,030</b>

Key Orders Received	Order Value (Rs. Mn)
■ K&C Valley, Bengaluru – STP	3,865

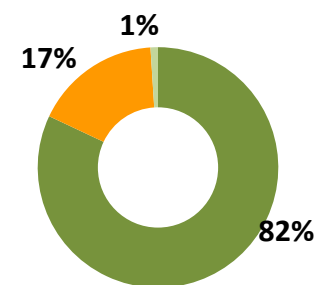
■ EPC ■ O&M



■ Municipal ■ Industrial



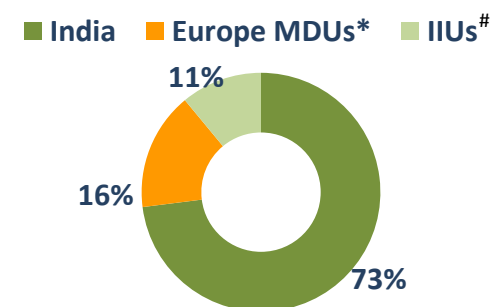
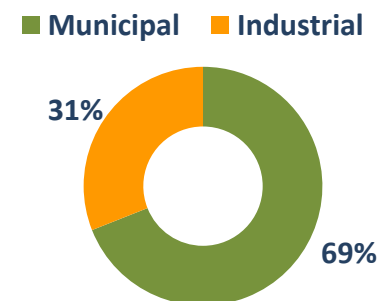
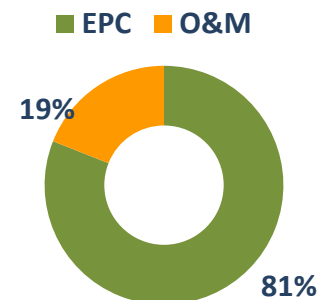
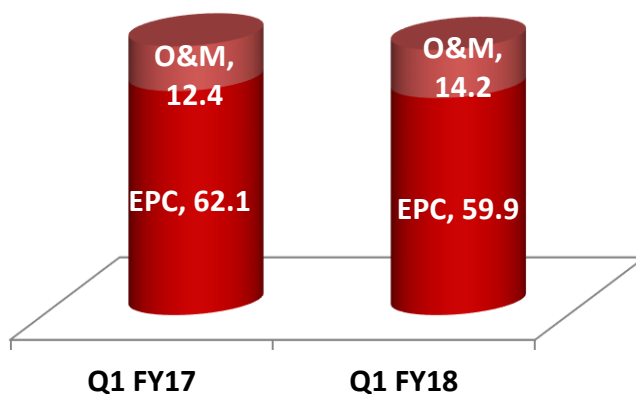
■ India ■ Austria MDUs\* ■ IIUs#





# Order Book Composition

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	24,759	16,443	12,305	543	54,050
Wabag Overseas	13,774	4,928	492	874	20,068
Framework Contracts					8,659
<b>Total</b>	<b>38,533</b>	<b>21,371</b>	<b>12,797</b>	<b>1,417</b>	<b>82,777</b>



# Order Book of Rs. 74.1 Bn & Framework Contracts of Rs. 8.7 Bn

## Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
▪ Petronas RAPID ETP, Malaysia	6,923
▪ Dangote ETP & RWTP, Nigeria	6,942
▪ Polgahawela, Sri Lanka – WTP	5,985
▪ Koyambedu, Chennai – TTP	5,455
▪ Desal & STP Order, Saudi Arabia	5,083
▪ K&C Valley, Bengaluru – STP	3,865
▪ Integrated Water Supply Project - Barmer, Rajasthan	2,401
▪ APGENCO – BOP with Water management	3,103
▪ Pertamina, Indonesia, SWRO	2,073
▪ AMAS, Bahrain – STP	1,780

## 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**

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