

Water

+ve



VA TECH WABAG LTD.

**Investor Update Presentation
H1 & Q2 FY 18**

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Business Overview



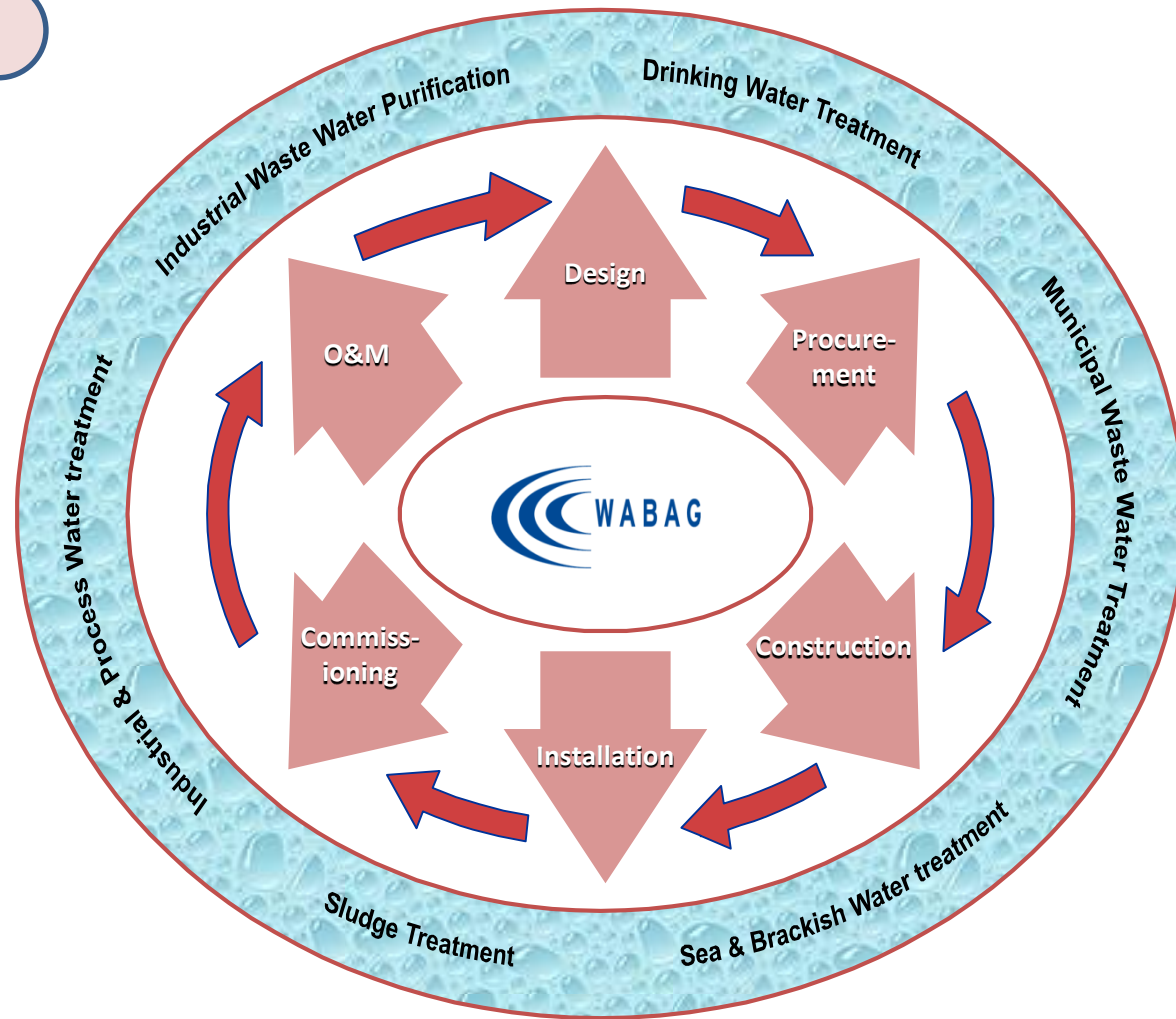
BATNA Waste Water Treatment Plant, ALGERIA

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

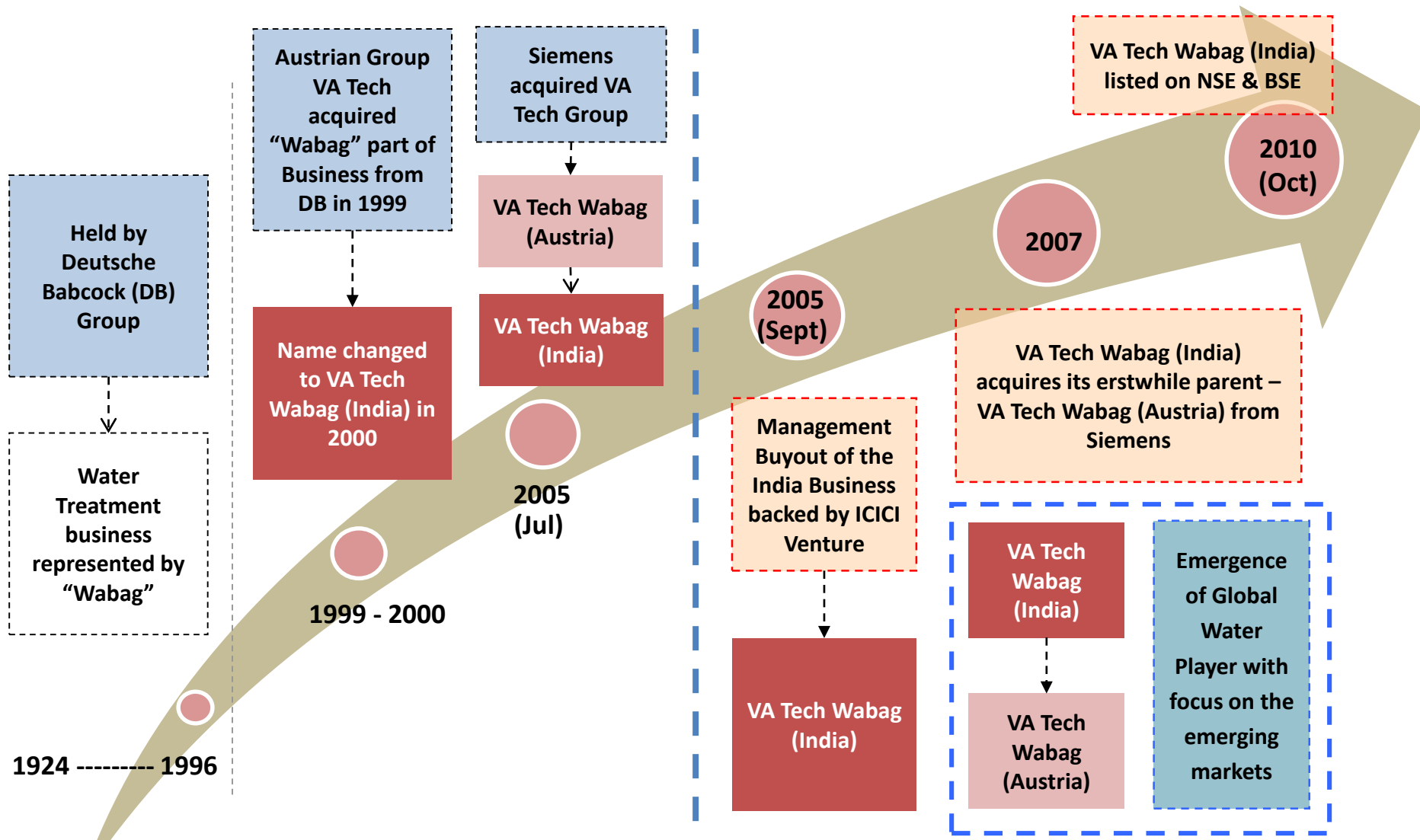


Erwin Mötz
Managing Director,
WABAG Romania



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

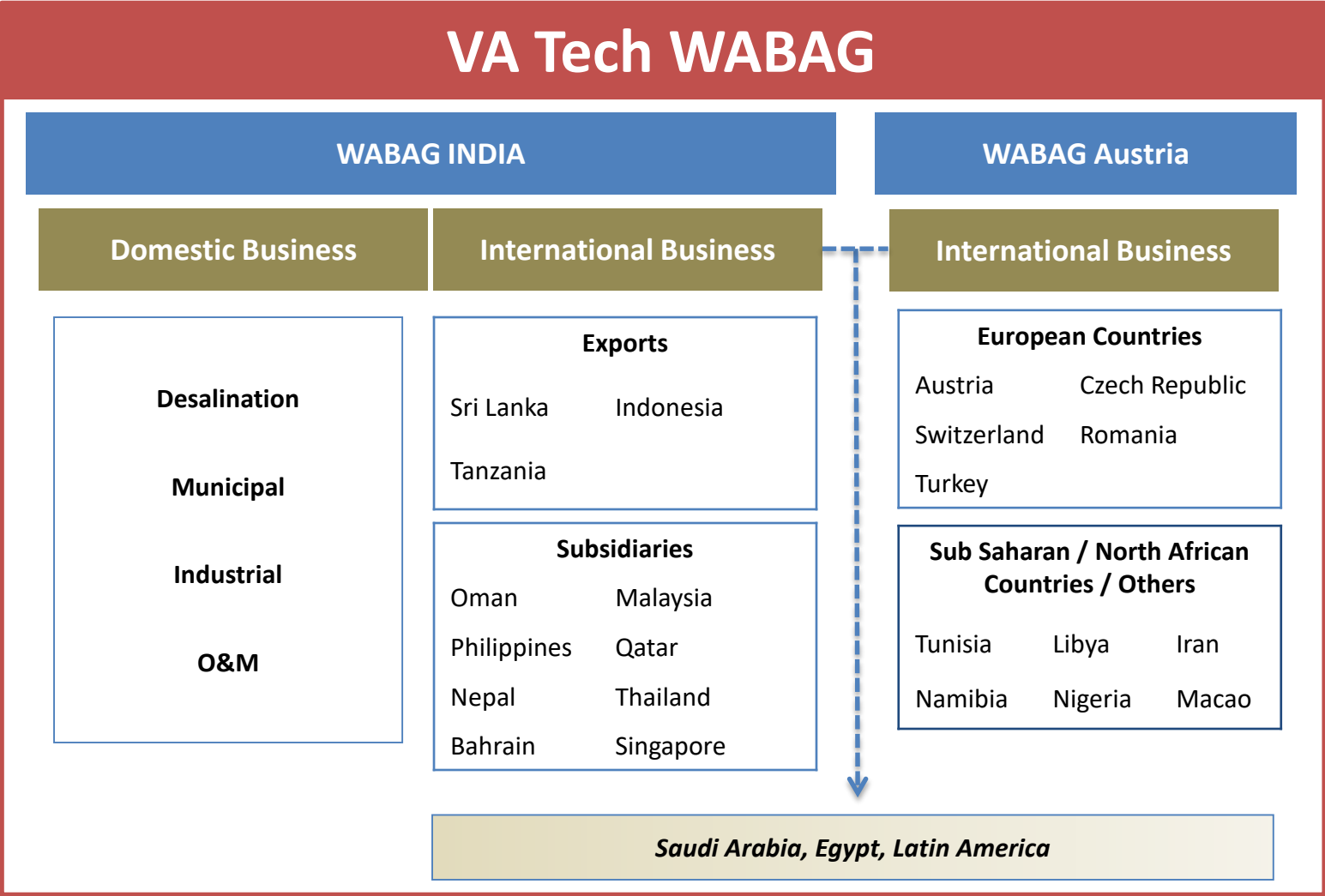
Growth in India Business

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

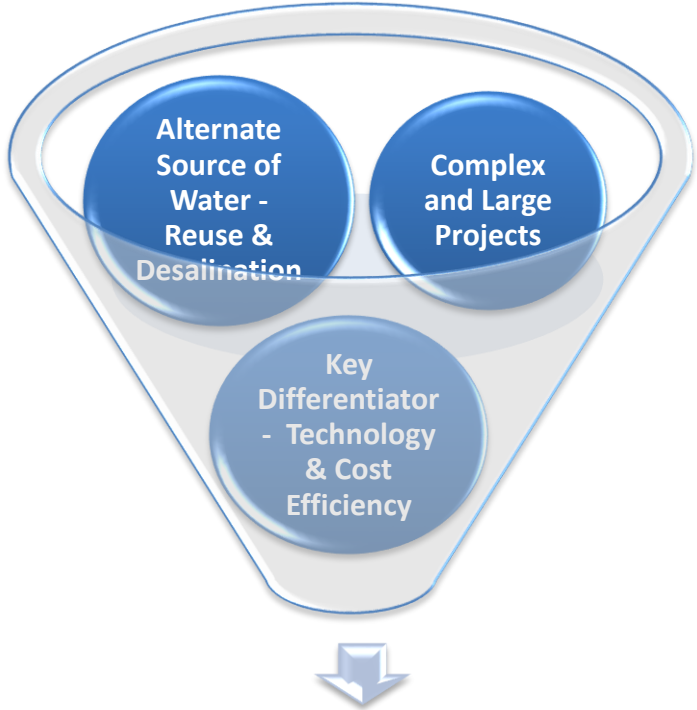
Use of Advanced Technology & R&D...

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®	

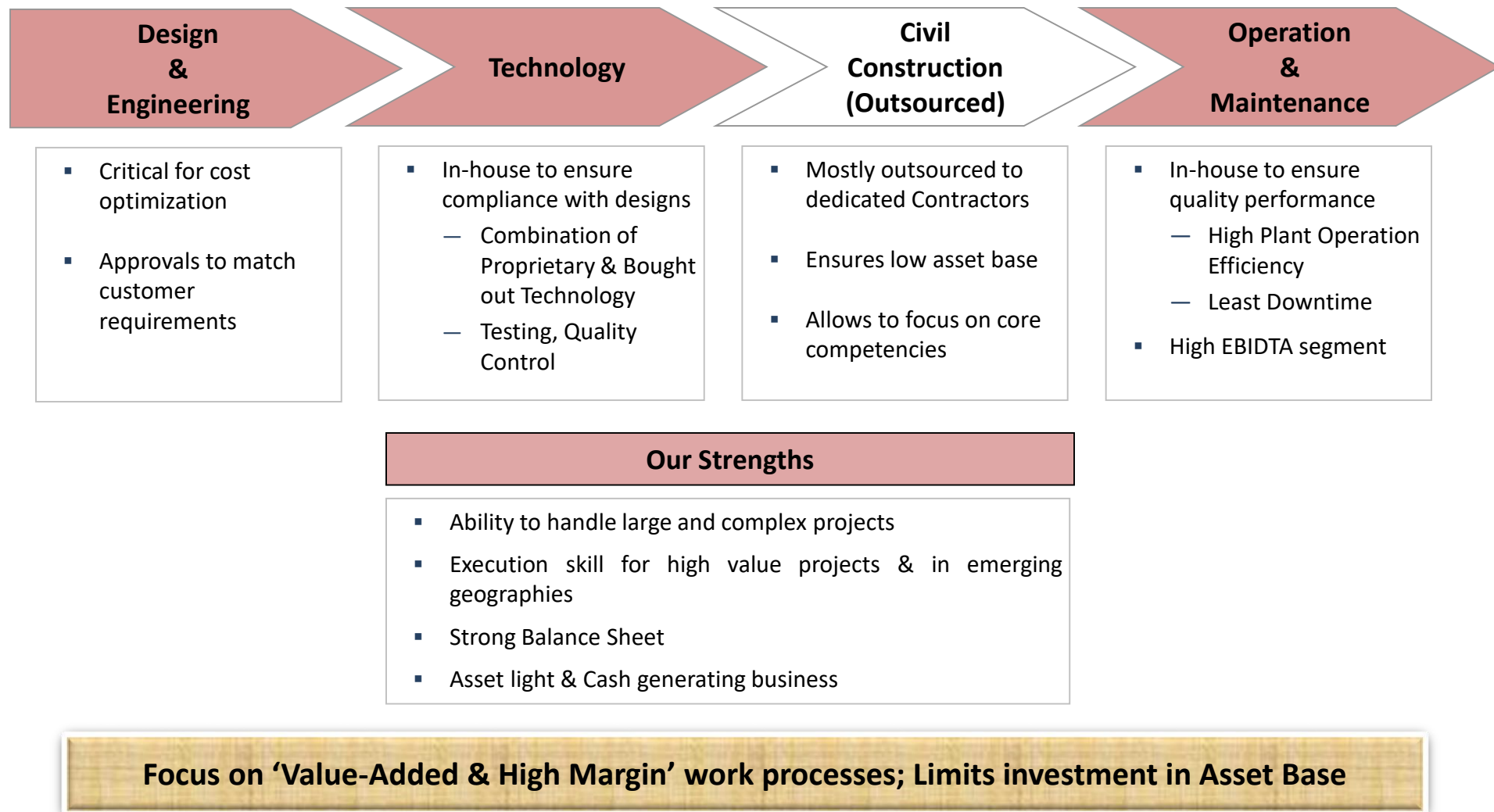
- Customized solutions employing in-house tech
- Patents owned for select products/ processes

High quality treated water – Technology is the deciding factor



**ADVANCED EUROPEAN TECHNOLOGY
@ LOCAL COST**

Asset Light Business Model

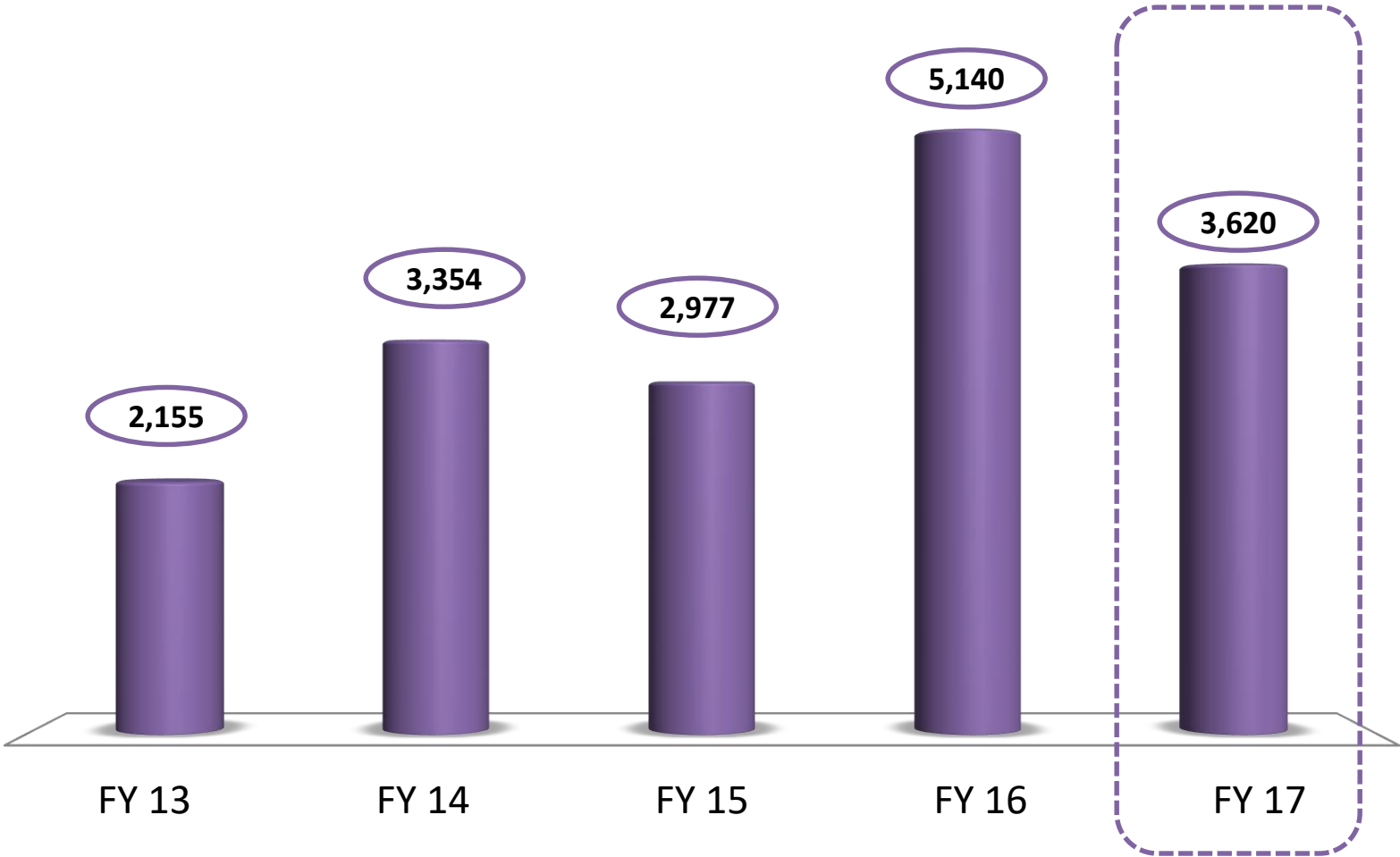


FINANCIAL HIGHLIGHTS



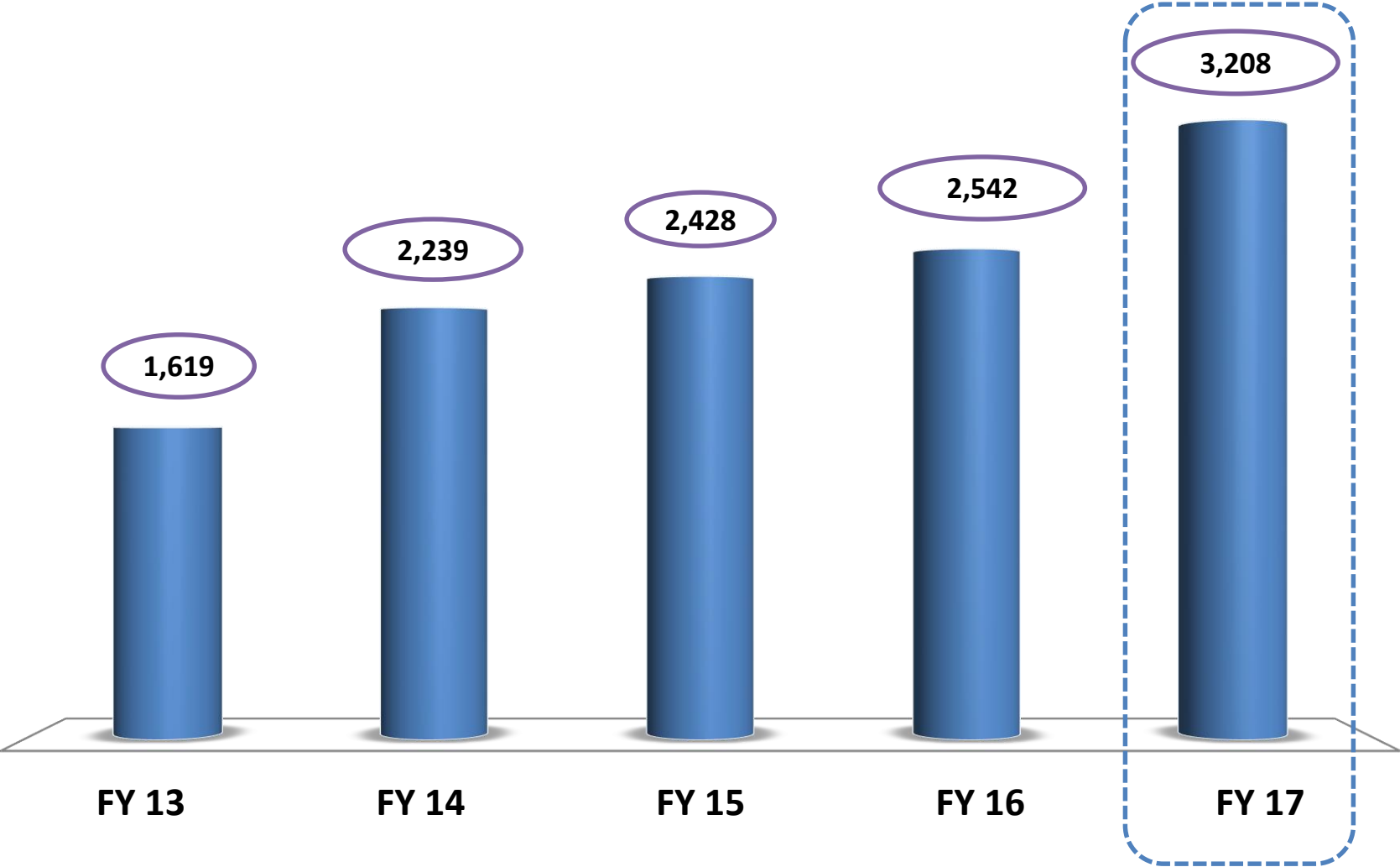
Waste Water Treatment Plant,
Turkey

Yearly Order Intake



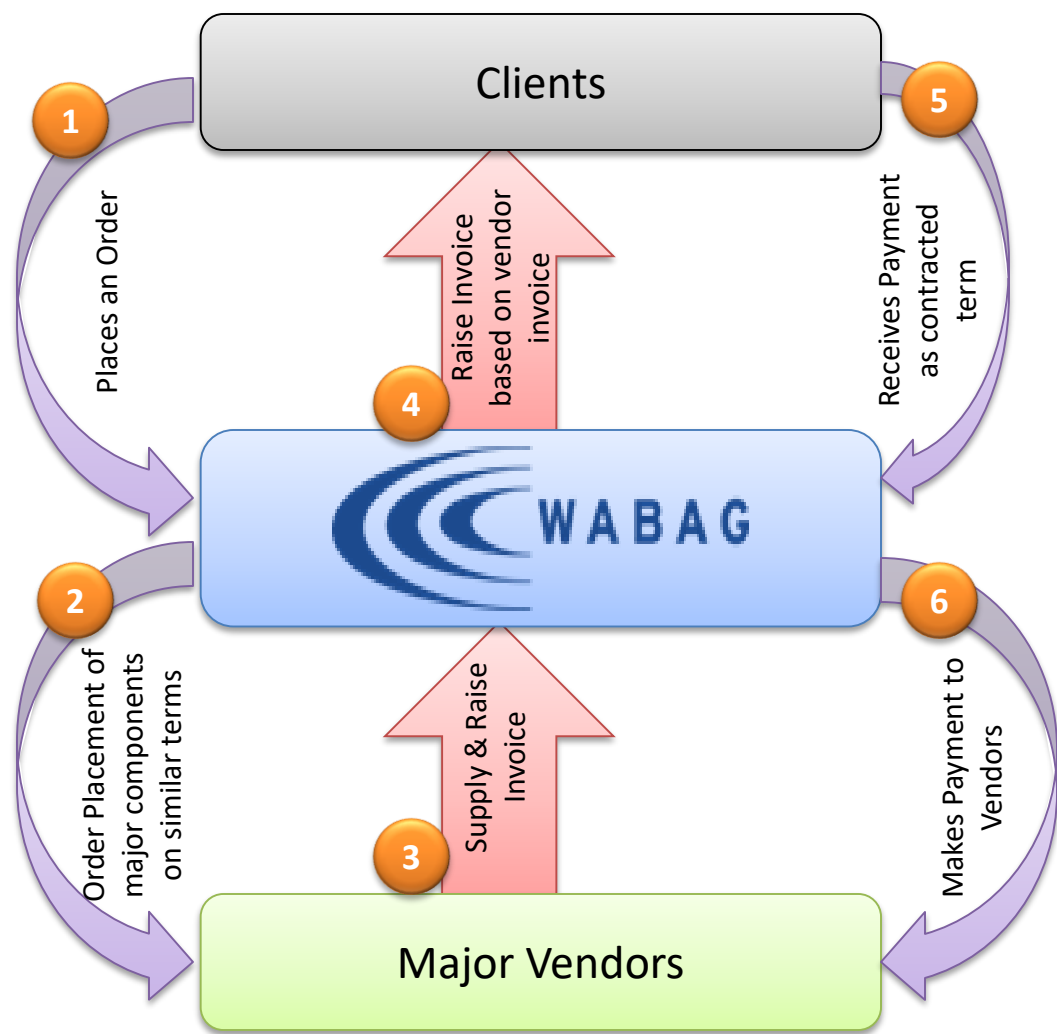
Rs. Crs.

Robust Revenue Growth



Rs. Crs.

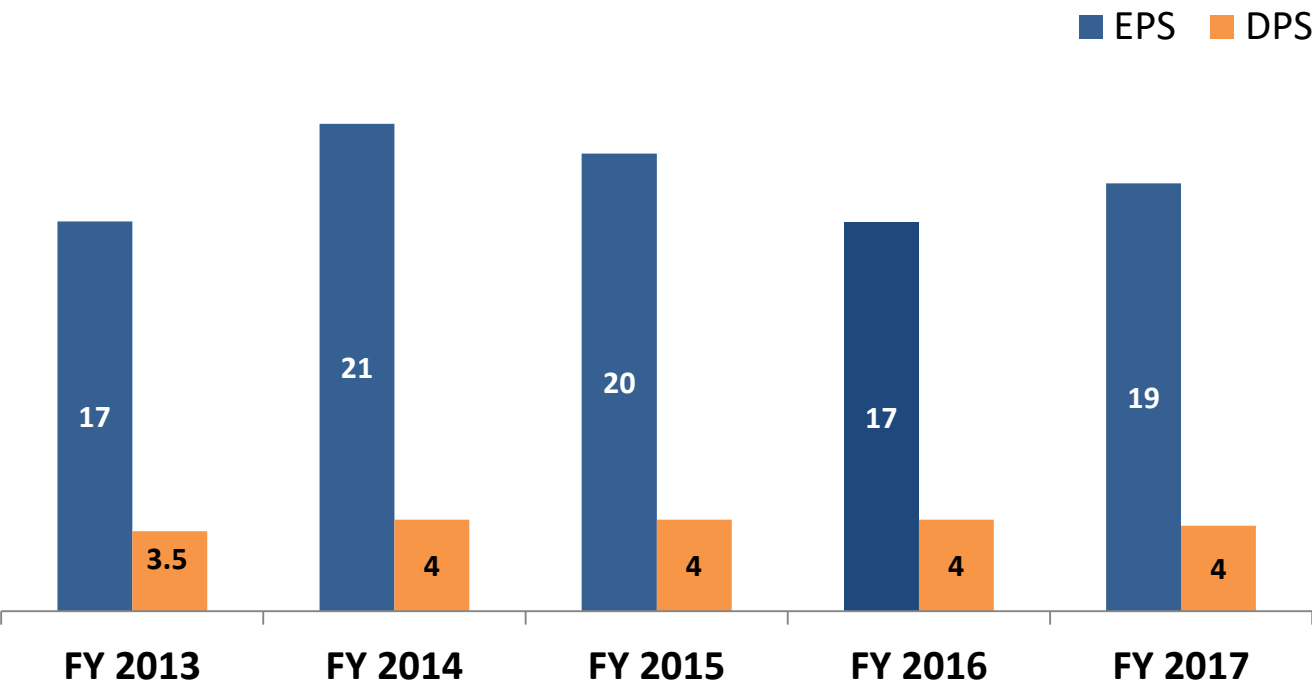
Working Capital Cycle



- 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

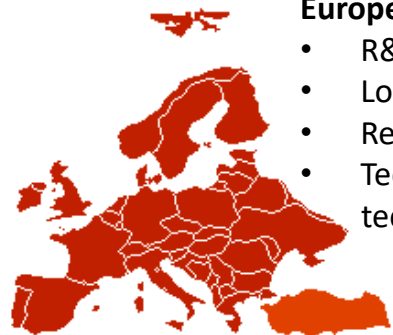
Dividend Pay-out

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



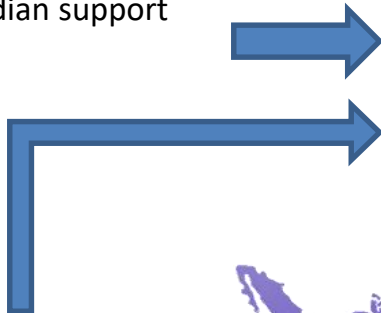
Europe

- 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



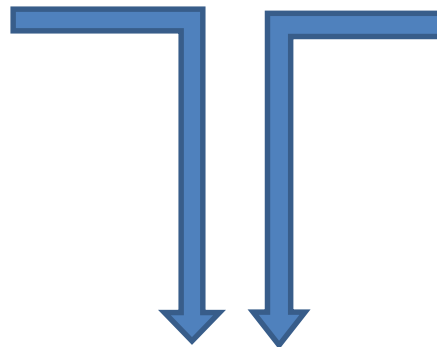
LATAM

- 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



- Consolidated Revenue up by 15%
- Consolidated EBITDA up by 44%
- Consolidated PAT at INR 418 Mio up by 43%
- Standalone Sales up by 21%
- Standalone EBITDA up by 29%



Water Treatment Plant,
Melamchi, Nepal

Quarterly Performance



RESULTS OVERVIEW – Standalone Profit and Loss

Rs. Millions	Q2 FY18	Q2 FY17	YOY %	H1 FY18	H1 FY17	YOY %
Revenue from Operations	5,064	4,536	12%	8,609	7,138	21%
Cost of Sales	3,978	3,596	11%	6,654	5,537	20%
Total Cost of Operations (TCO)	491	429	15%	992	855	16%
EBITDA	595	511	16%	963	746	29%
EBITDA margin	11.7%	11.3%		11.2%	10.5%	
Other Income	16	2	700%	18	6	200%
Forex (Gain) / Loss	28	1		28	(100)	
Finance Cost	76	54	41%	147	103	43%
Depreciation & Amortization	23	24	-4%	46	48	-4%
Tax	170	150	13%	266	243	10%
Profit After Tax	314	284	11%	494	459	8%
PAT margin	6.2%	6.3%		5.7%	6.4%	

- Good growth in topline aided by a healthy order backlog
- Healthy growth in EBITDA through operational efficiencies
- Increase in finance cost mainly due to higher bank charges driven by new orders

RESULTS OVERVIEW – Consolidated Profit and Loss

Rs. Millions	Q2 FY18	Q2 FY17	YOY %	H1 FY18	H1 FY17	YOY %
Revenue from operations	8,865	7,776	14%	15,551	13,578	15%
Cost of Sales	7105	6296	13%	12,361	10,929	13%
Total Cost of Operations (TCO)	933	900	4%	1,958	1,794	9%
EBITDA	827	580	43%	1,232	855	44%
EBITDA margin	9.3%	7.5%		7.9%	6.3%	
Other Income	2	15	-86%	22	24	-8%
Forex (Gain) / Loss	52	(5)		39	(50)	
Finance Cost	143	109	31%	276	228	21%
Depreciation & Amortization	45	47	-4%	90	93	-3%
Tax	220	186	18%	380	296	29%
Share of Profits from Associates / MI	-35	-17	106%	-51	-20	155%
Profit After Tax	334	240	39%	418	292	43%
PAT margin	3.8%	3.1%		2.7%	2.2%	

- Top line and bottom line increase driven by robust progress in IIU projects like Petronas, Malaysia and AMAS, Bahrain despite adverse currency translation impact
- Operating Margin improvements in overseas projects through better procurement and efficient execution

RESULTS OVERVIEW – Balance Sheet

Rs. Millions	Sep '17	Mar '17	Sep '17	Mar '17
	Consolidated		Standalone	
Total Equity (Net Worth)	10,443	10,104	8,478	8,241
Non-Current Liabilities	2,406	2,695	1,782	1,942
Trade Payables	12,728	12,574	8,211	8,300
Short Term Borrowings	4,973	2,459	3,391	1,199
Other Current Liabilities	5,706	5,674	3,080	3,043
Total Equity & Liabilities	36,256	33,506	24,942	22,725
Fixed Assets	1,709	1,776	889	922
Other Non-Current Assets	5,094	4,727	4,873	4,609
Trade Receivables	24,282	21,238	15,818	13,576
Cash & Bank Balances	1,550	2,617	389	947
Other Current Assets	3,620	3,148	2,972	2,671
Total Assets	36,256	33,506	24,942	22,725

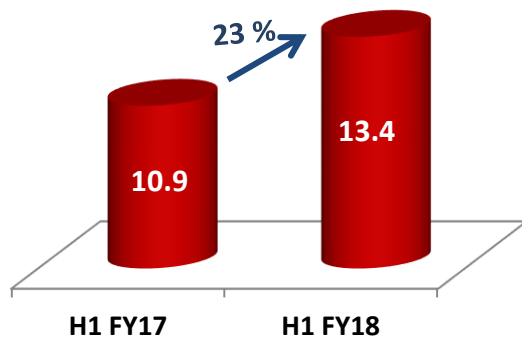
RESULTS OVERVIEW – Working Capital Highlights

Rs. Millions	Sep '17	Mar '17
Inventories	467	385
Trade Receivables	24,282	21,238
Loans and Advances	347	408
Other Current Assets	2,806	2,163
Total Current Assets (A)	27,902	24,194
Trade Payables	12,728	12,574
Other Current Liabilities and Provisions	5,706	5,673
Total Current Liabilities (B)	18,434	18,248
Net Working Capital (NWC)	9,468	5,946
Net Working Capital (No. of Days)	101	68

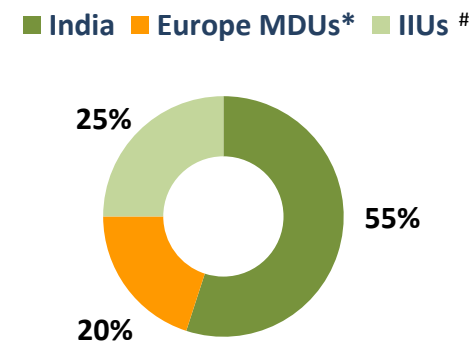
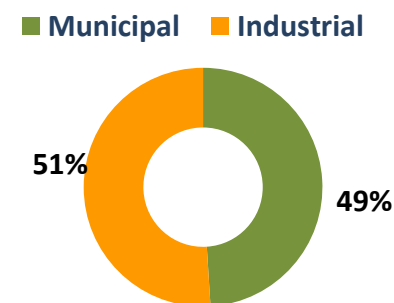
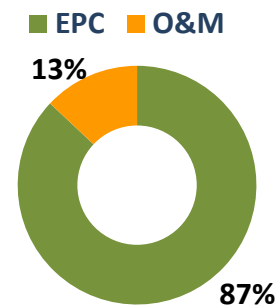
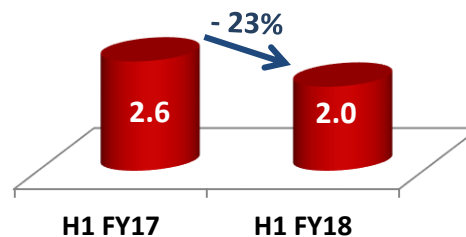
Revenue Breakup – H1 FY18

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	3,569	4,086	504	235	8,394
Wabag Overseas	2,790	2,958	714	540	7,002
Total	6,359	7,044	1,218	775	15,396

EPC [Rs. Bn.]



O&M [Rs. Bn.]



Key Projects Contributing to Revenue – H1 FY18

Project Details	Revenue recognized [Rs. Mn]
▪ Petronas RAPID, Malaysia – ETP	3,563
▪ APGENCO – BOP with Water Management	1,336
▪ AMAS, Bahrain – STP	1,176
▪ Koyambedu, Chennai – TTP	967
▪ Polgahawela, Sri Lanka – WTP	913
▪ Desal & STP Order, Saudi Arabia	419
▪ Long Phu 1, Vietnam – WTP	388
▪ Dangote ETP & RWTP, Nigeria	355
▪ OWSSB, Orissa - STP	331
▪ RIL Projects	323

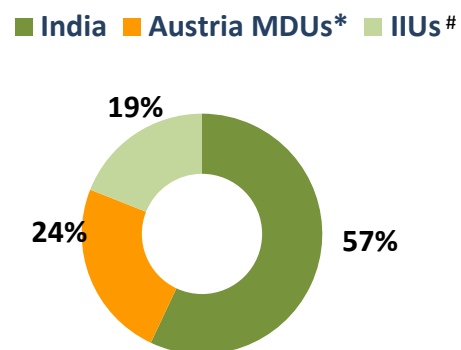
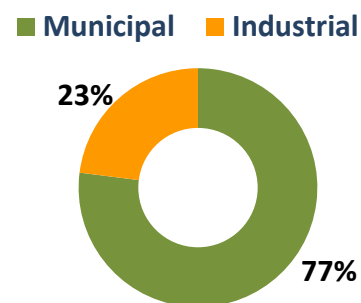
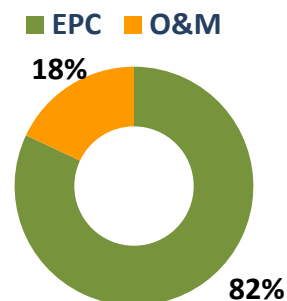
Order Book Analysis – H1 FY18



Order Intake Breakup

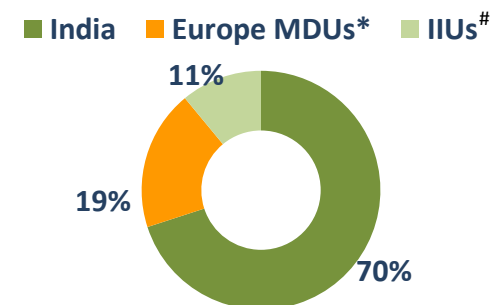
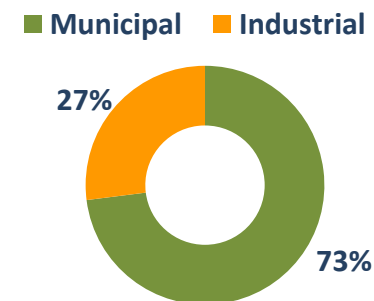
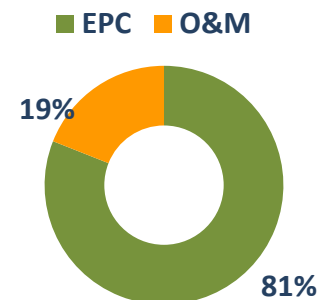
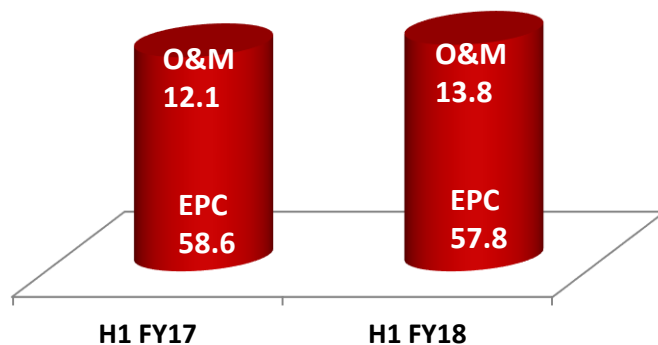
Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	3,819	1,589	1,127	315	6,850
Wabag Overseas	4,018	450	347	410	5,226
Total	7,837	2,039	1,474	725	12,076

Key Orders Received	Order Value (Rs. Mn)
La Mesa WTP Retrofit, Philippines	1,568
Duong River WTP, Vietnam	845
Al Saad BWRO, Saudi Arabia	771



Order Book Composition

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	23,725	13,793	12,140	356	50,014
Wabag Overseas	16,102	4,162	418	856	21,538
Framework Contracts					7,988
Total	39,827	17,955	12,558	1,212	79,540



Order Book of Rs. 71.6 Bn & Framework Contracts of Rs. 8 Bn

Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
▪ Dangote ETP & RWTP, Nigeria	6,587
▪ Polgahawela, Sri Lanka – WTP	5,515
▪ Petronas RAPID ETP, Malaysia	4,959
▪ Koyambedu, Chennai – TTP	4,778
▪ Desal & STP Order, Saudi Arabia	4,690
▪ K&C Valley, Bengaluru – STP	3,866
▪ Integrated Water Supply Project - Barmer, Rajasthan	2,370
▪ APGENCO – BOP with Water management	2,115
▪ Pertamina, Indonesia, SWRO	2,073
▪ La Mesa WTP Retrofit, Philippines	1,563

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. 693 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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