

BUSINESS UPDATE

February 08, 2018

Buoyancy across major markets; historical high Orderbook

Welspun Corp Ltd. (WCL), flagship company of the Welspun Group, announced its consolidated financial results for the nine months and third quarter ended December 31, 2017.

For the quarter ended 31st December, 2017 WCL consolidated reported:

- Total income from operation* of Rs. 23,042 mn, up 92% YoY
- EBITDA at Rs. 1,644 mn, down 4% YoY
- Profit before tax and share of JVs of Rs. 320 mn, up 196% YoY
- PAT after Minorities & JVs of Rs. 664 mn vs. Net Loss of Rs. 39 mn in Q3FY17
- Basic EPS at Rs. 2.50 vs. Rs. (0.15) in Q3FY17
- Production and sales of pipes (ex-Saudi Arabia operations) were up 23% / 88% YoY respectively
- Production and sales of pipes (total operations) were up 30% / 96% YoY respectively
- Net debt as on 31 December 2017 was Rs. 6,421 mn, down Rs 3,624 mn QoQ/ Rs 5,704 mn YoY

For the nine months ended 31st December, 2017 WCL consolidated reported:

- Total income from operation of Rs. 59,284 mn, up 49% YoY
- EBITDA at Rs. 6,568 mn, up 53% YoY
- Profit before tax and share of JVs of Rs. 2,240 mn vs. Loss of Rs. 361 mn in 9MFY17
- PAT after Minorities & JVs of Rs. 1,628 mn vs. Net Loss of Rs. 470 mn in 9MFY17
- Basic EPS at Rs. 6.14 vs. Rs. (1.77) in 9MFY17
- Production and sales of pipes (ex-Saudi Arabia operations) were up 36% / 58% YoY respectively
- Production and sales of pipes (total operations) were up 24% / 39% YoY respectively

Order book position (including all operations): Current pipe order book stands at 1,279K MTs (Rs. 82 billion).

Commenting on the results, **Mr B. K. Goenka**, Chairman, Welspun Group said, “We are witnessing strong demand from all major geographies we cater to. This is visible in our historical high orderbook of 1,279K MT. We believe demand would sustain as high energy prices are driving revival in global oil & gas segment.”

Note: *Q2FY18 and Q3FY18 Revenue from operations is net of Goods and Services Tax (GST). Please refer to Note 5 of Consolidated Financial Results for details.

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Consolidated performance highlights:

Figures in Rs. million unless specified

Particulars	Q3-FY18	Q2-FY18	Q3-FY17	9M-FY18	9M-FY17
Ex-Saudi Arabia/ CWC operations					
- Pipe Production (KMT)	248	276	202	752	551
- Pipe Sales (KMT)	305	273	163	788	500
Total operations					
- Pipe Production (KMT)	263	280	203	771	624
- Pipe Sales (KMT)	318	293	163	830	596
- Plates/ coils Production (KMT)	138	100	44	297	192
Total Income from Operations	23,042	20,060	12,028	59,284	39,660
EBITDA	1,644	2,226	1,705	6,568	4,304
Finance Cost	374	535	567	1,442	1,723
Depreciation and Amortisation	949	980	1,030	2,886	2,942
Profit before tax and share of JVs	320	711	108	2,240	(361)
PAT after Minorities & JVs	664	418	(39)	1,628	(470)
Cash PAT	818	1,665	1,125	3,890	2,536

Notes: a) Q2FY18 and Q3FY18 Revenue from operations is net of Goods and Services Tax (GST). Please refer to Note 5 of Consolidated Financial Results for details

b) Prior period figures have been restated, wherever necessary

c) Cash PAT = PBT – Current tax + Depreciation

Figures in Rs. million unless specified

Consolidated debt	31-Dec-2017	30-Sep-2017	31-Mar-2017
Gross Debt	12,883	14,489	18,430
Cash & Cash Equivalents	6,463	4,445	7,365
Net Debt	6,421	10,045	11,065

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Business outlook:

Q3 witnessed more than 900K MTs of order booking led by recovery in Americas and MENA. With firming up of global energy prices, demand from oil & gas segment would remain strong. Demand growth in Americas is led by a buoyant small diameter segment and signs of revival in large diameter segment. We expect MENA region oil & gas segment demand to pick-up over next few quarters. Domestic market continues to witness strong demand both in water as well as oil & gas segment. Continued strength in volumes outlook is expected to have a positive impact on the margins for next fiscal.

Demand outlook for our Plate and Coil Mills division remains satisfactory, although margin challenges remain.

Post Q3FY18 conference call:

WCL management would be happy to answer investor queries on a conference call. Please find details below:

Date : Thursday, 8 February 2018

Time : 4:00pm IST

Dial in details:

- India: +91 22 3960 0738
- International Toll Free numbers
 - Hong Kong: 800 964 448
 - Singapore: 800 101 2045
 - UK: 080 8101 1573
 - USA: 1866 746 2133
- International Toll numbers
 - Hong Kong: 85230186877
 - Singapore: 6531575746
 - UK: 442034785524
 - USA: 13233868721

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About Welspun Corp Ltd. (WCL)

Welspun Corp is a one-stop service provider offering complete pipe solution with a capability to manufacture line pipes ranging from ½ inch to 140 inches, along with specialized coating, double jointing and bending. With current capacity of 2.425 million MTPA in Dahej, Anjar and Mandya in India, Little Rock in the USA and Dammam in Saudi Arabia, Welspun takes pride in being a preferred supplier to most of the Fortune 100 Oil & Gas companies. With 360 degree abilities, Welspun Corp has undertaken some of the most challenging projects in different parts of the world. With business excellence being a clear focus, the company is on the path of innovation and technology edge supported by its state-of-the-art facilities and global scale operations. The Line pipe industry caters to the sectors like energy and water resource management where in the line pipes supplied are used to construct cross-country pipelines for transportation of oil, gas, petro-products and water in the safest and most environment friendly way.

For further information please visit www.welspuncorp.com or contact:

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