

## BUSINESS UPDATE

May 08, 2017

### Strong sales volumes

Welspun Corp Ltd. (WCL), flagship company of the Welspun Group, announced its consolidated financial results for the year and fourth quarter ended March 31, 2017.

Please note all figures in this document, unless specified, are under IND AS basis. For I-GAAP comparison, please refer to our Q4FY17 presentation.

#### For the quarter ended 31<sup>st</sup> March, 2017 WCL consolidated reported:

- Total income from operation of Rs. 20,695 mn, up 5% YoY
- Reported EBITDA at Rs. 3,066 mn, up 46% YoY
- Operating EBITDA at Rs. 2,160 mn, up 35% YoY
- Profit before tax of Rs. 1,513 mn vs. Rs. 547 mn in Q4FY16
- PAT after Minorities & JVs of Rs. 734 mn vs. Rs. 112 mn in Q4FY16
- Basic EPS at Rs. 2.77 vs. Rs. 0.42 in Q4FY16
- Production and sales of pipes (ex-Saudi Arabia operations) were up 22% / 28% YoY respectively
- Production and sales of pipes (total operations) were up 18% / 25% YoY respectively

#### For the year ended 31<sup>st</sup> March, 2017 WCL consolidated reported:

- Total income from operation of Rs. 60,355 mn, down 18% YoY
- Reported EBITDA at Rs. 7,370 mn, down 17% YoY
- Operating EBITDA at Rs. 5,379 mn, down 32% YoY
- Profit before tax of Rs. 1,152 mn vs. Rs. 2,632 mn in FY16
- PAT after Minorities & JVs of Rs. 264 mn vs. Rs. 1,518 mn in FY16
- Basic EPS at Rs. 1.00 vs. Rs. 5.76 in FY16
- Production and sales of pipes (ex-Saudi Arabia operations) were down 6%/ 8% YoY respectively
- Production and sales of pipes (total operations) were down 15% YoY each

**Order book position (including all operations):** Current pipe order book stands at 601K MTs (Rs. 38 billion).

Commenting on the results, **Mr B. K. Goenka**, Chairman, Welspun Group said, “Q4 was driven by strong volumes leading to improvement in profitability. Though we are starting the new fiscal with a moderate orderbook position, strong demand in domestic market coupled with favourable policy measures taken by the Government of India presents a positive outlook for the year. We continue to take various measures for further strengthening our capabilities while maintaining financial discipline.”

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### Consolidated performance highlights:

*Figures in Rs. million unless specified*

Particulars	Q4-FY17	Q3-FY17	Q4-FY16	FY17	FY16
<b>Ex-Saudi Arabia operations</b>					
- Pipe Production (KMT)	303	202	249	854	909
- Pipe Sales (KMT)	330	163	259	830	903
<b>Total operations</b>					
- Pipe Production (KMT)	329	203	279	954	1,119
- Pipe Sales (KMT)	339	163	270	935	1,100
- Plates/ coils Production (KMT)	41	44	75	233	235
<b>Total Income from Operations</b>	<b>20,695</b>	<b>12,028</b>	<b>19,637</b>	<b>60,355</b>	<b>73,801</b>
Reported EBITDA	3,066	1,705	2,099	7,370	8,908
<b>Operating EBITDA</b>	<b>2,160</b>	<b>1,224</b>	<b>1,604</b>	<b>5,379</b>	<b>7,916</b>
Finance Cost	634	567	577	2,357	2,411
Depreciation and Amortisation	919	1,030	974	3,861	3,865
PBT	1,513	108	547	1,152	2,632
<b>PAT after Minorities, Associates &amp; JVs</b>	<b>734</b>	<b>(39)</b>	<b>112</b>	<b>264</b>	<b>1,518</b>
<b>Cash PAT</b>	<b>1,909</b>	<b>990</b>	<b>1,063</b>	<b>4,534</b>	<b>5,386</b>

Notes: a) Operating EBITDA = Reported EBITDA – Non-operational income - Unrealised forex gain/ (loss)

b) Cash PAT = PBT – Current tax + Depreciation - Post-tax Unrealised forex gain/ (loss)

c) Prior period figures have been restated, wherever necessary

*Figures in Rs. million unless specified*

Consolidated debt	31-Mar-2017	31-Dec-2016	31-Mar-2016
Gross Debt	18,430	22,619	26,437
Cash & Cash Equivalents	7,365	10,494	12,883
<b>Net Debt</b>	<b>11,065</b>	<b>12,125</b>	<b>13,554</b>

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### Business outlook:

India market outlook remains positive driven by various water projects across the country and expansion of National Gas Grid. Favorable policy measures taken by Government of India, including the recently announced National Steel Policy, would further drive demand in domestic market. Apart from benefiting the linepipe business, this would also have positive implications for our Plate and Coil Mill business.

Various industry trends like heavy oil development, deep sea development would drive the global linepipe demand. We expect good traction in international markets, especially North America, towards the second half of FY2018.

We continue to enhance our value proposition, customer reach and technical know-how which makes us one of the front-runners for increasingly diversified and technically demanding projects worldwide.

### Post Q4FY17 conference call:

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

Date : Monday, 8 May 2017

Time : 4:00pm IST (6:30pm HKT / 10:30 BST / 5:30am EST)

#### Dial in details:

- India: +91 22 3960 0706
- Other Local Access: Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune
  - 3940 3977 (Accessible from all carriers)
- Hong Kong: 800 964 448
- Singapore: 800 101 2045
- UK: 080 8101 1573
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## **BUSINESS UPDATE**

### **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.

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**For further information please visit [www.welspuncorp.com](http://www.welspuncorp.com) or contact:**

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