Welspun Corp Ltd (WCL)

World's Leading Line Pipe Manufacturer

Investor Presentation

February 2018

SAFE HARBOUR

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WELSPUN GROUP
LEADING TOMORROW TOGETHER

Group Revenue
US$ 2.3 Billion

Market Cap
US$ 2 Billion

Employees
25,000+

WELSPUN INDIA
HOME TEXTILES

Global Leader in Home Textiles

WELSPUN CORP
PIPES AND PLATES

Global Leader in Large Diameter Pipes

WELSPUN ENTERPRISES
INFRASTRUCTURE AND ENERGY

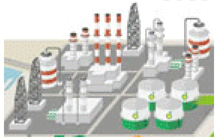
Infrastructure
Oil & Gas
Financial Services

WORLD'S LEADING LINE PIPE MANUFACTURER...

...focussed on midstream segment of Oil & Gas industry value chain

Upstream

Midstream



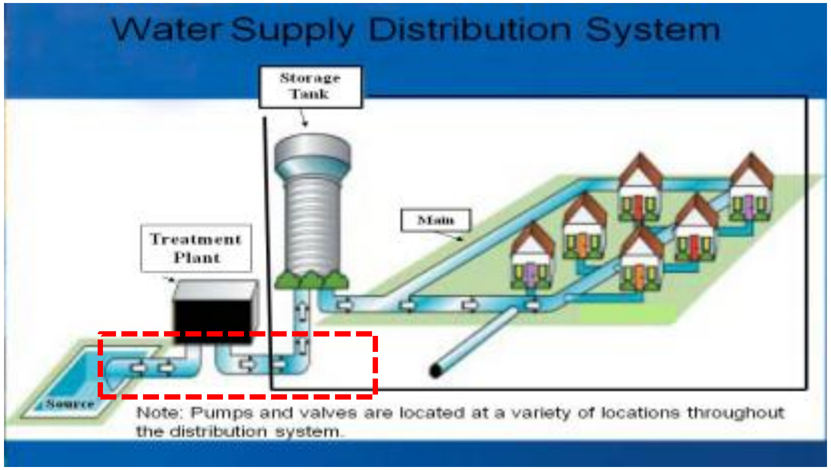
Downstream

Exploration / Production

Transportation

Distribution / Retail Sale

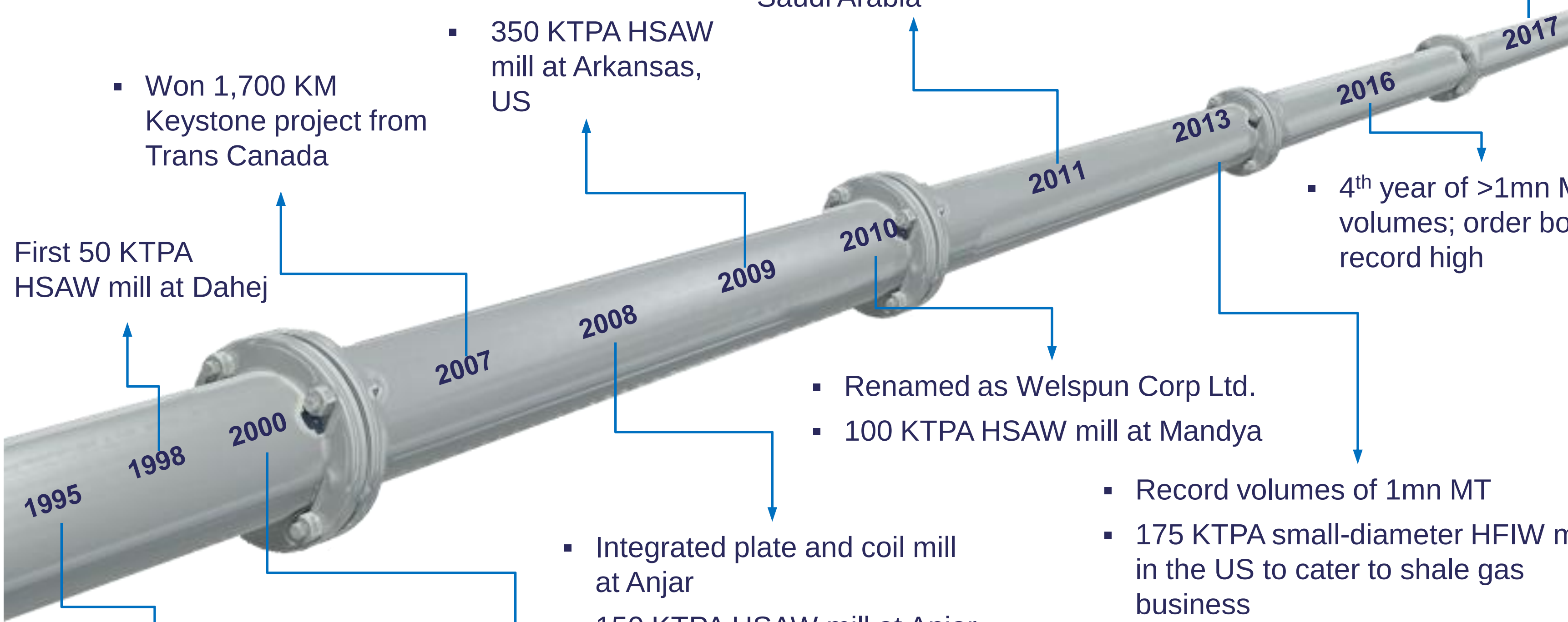
...and Water transmission value chain



Line pipes are used for transporting oil, gas or water over long distances (interstate or from offshore/ under-sea) or as gathering lines (from well to processing centre)

Denotes WCL's presence

EMERGED TO BECOME LEADER



- Incorporated as Welspun Gujarat Stahl Rohren
- First 50 KTPA HSAW mill at Dahej
- 200 KTPA LSAW mill at Dahej with Mannesmann Germany
- Won 1,700 KM Keystone project from Trans Canada
- Integrated plate and coil mill at Anjar
- 150 KTPA HSAW mill at Anjar
- 350 KTPA HSAW mill at Arkansas, US
- Renamed as Welspun Corp Ltd.
- 100 KTPA HSAW mill at Mandya
- 350 KTPA LSAW mill at Anjar
- 300 KTPA HSAW mill at Saudi Arabia
- Record volumes of 1mn MT
- 175 KTPA small-diameter HFIW mill in the US to cater to shale gas business
- Demerged non-pipe businesses into Welspun Enterprises
- Several new professional CXO-level hires to bolster the core-pipe business management team
- 4th year of >1mn MT volumes; order book at record high
- Commercialised CWC plant (set-up in 2016 in JV with Wasco)

WELSPUN CORP
PIPES AND PLATES

KEY STRENGTHS

End-to-end products & solutions

Advanced technological prowess

Focus on R&D and pipeline technology

Diversified global presence

Expertise in complex projects

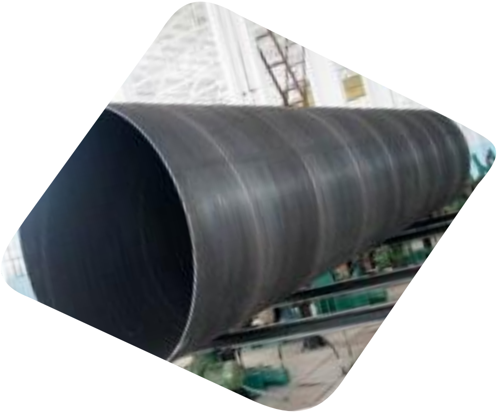
Partnerships with global giants

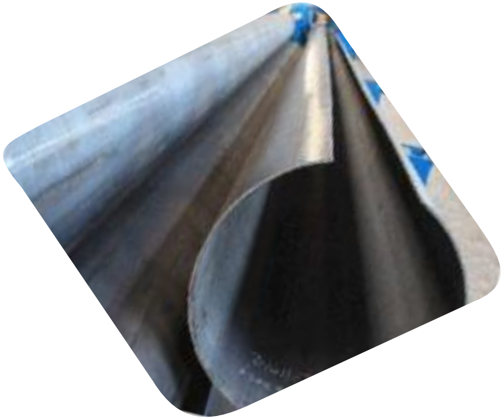
Experienced professional team

END-TO-END PRODUCTS & SOLUTIONS

HSAW Pipes

- Helically welded pipes made from HR coils; used for on-shore oil, gas & water transmission
- 24 – 140 inch diameter, moderate wall thickness



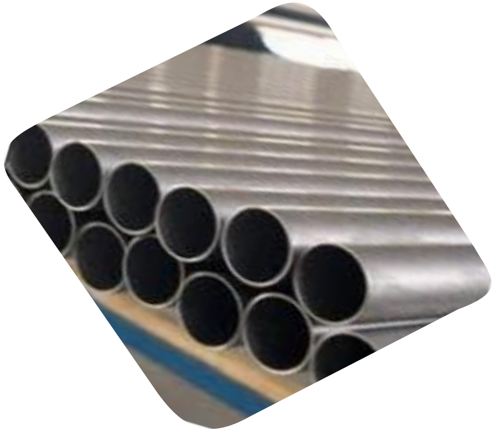


LSAW Pipes

- Longitudinally welded pipes made from HR plates; used for onshore / off-shore oil & gas transmission
- 16 – 60 inch diameter, high wall thickness

ERW/HFIW Pipes

- High-frequency electric welded pipes made from HR coils; used for downstream distribution of oil, gas & water
- 1.5 – 16 inch diameter, low/moderate wall thickness



Plates & Coils: Provides WCL with vertical integration & competitive advantage in a few market segments

Coating Systems: **Concrete Weight Coating**, Double Jointing, 3LPE, 3LPP, DJ, Internal Solvent /Solvent free coating, Coal Tar Enamel, Inside Cement Mortar Lining

Ancillary services: Pipe bending, Dump Site & Inventory management

WELSPUN CORP
PIPES AND PLATES

CONCRETE WEIGHT COATING PLANT

Salient features

- Pipe diameter/ length : 8”-56” / 9 – 18 mtr
- Wall thickness: upto 38 mm
- Concrete application method: Impingement
- Maximum bare/ coated pipe weight: 15/ 40 MT
- Concrete thickness: 30mm – 150 mm in single pass
- PLC Controlled Batching Plant to ensure perfect mixing ratios
- Automated Impingement coating plant with anode installation station.
- Batching plant of capacity ± 250 Ton/hr (with density 3200 Kg/m3)

ADVANCED TECHNOLOGICAL PROWESS

Efficient Robotic Systems

Highly Automated Plant Process Line

Integrated Pipe Traceability System

Precision Dimensional Control

FOCUS ON R&D AND PIPELINE TECHNOLOGY

Technical knowhow with optimal solutions	Experience of delivering pipe with stringent specifications gives us the edge for prestigious and challenging projects like Keystone Pipeline, Peru LNG, Wasit Gas Program, Independence Trail, IGAT-IV, Master Gas - I
Dedicated R&D facility	Fully equipped Growth Workshop facilities to facilitate capability enhancement, capacity expansion, de-bottlenecking, automation and product development programs
Continuous research	Continuous research in steel, strain-based and deep sea pipelines, welding technology and consumables, and quality integrated management systems
Technical expert team	Technical experts, who belong to various international technical committees for oil and gas pipeline research, contribute to the development of new standards for line pipe durability

Expertise in complex projects

Independence Trail

233 Kms, 24” deep sea gas transmission pipeline in Gulf of Mexico
Complexity: High collapse resistance

Deepest

Heaviest

IGAT- IV

100 Kms, 56” of high pressure gas transmission pipeline in Persian Gulf
Complexity: Large diameter high wall thickness, X70 grade of steel

Peru LNG

118 Kms, 34” gas transmission pipeline
Complexity: Pipeline in service at very high altitude

Highest

Longest

Keystone Pipeline

Sole Supplier, Canada to USA Crude Oil Pipeline (~1700 kms, 36”)
Complexity: Very long distance hydrocarbon pipeline supplied by a single manufacturer

Arabiyah-Hasbah (Wasit Gas Program)

100 kms, 36” of gas pipeline in Saudi Arabia
Complexity: Highly sour gas

Offshore

Stringent tolerance level

Stampede Oil Export SCR* Pipeline

~32 kms, 18” oil pipeline in Gulf of Mexico
Complexity: Only WCL could match specifications

Note: *SCR = Steel Catenary Riser

PARTNERSHIP WITH GLOBAL GIANTS

Oil & gas	Transportation	Others

Well established customer relationships across the value chain

MODERN MANUFACTURING FACILITIES

Aerial view of Anjar facility – spread over >1,000 acres with captive power generation

Port based facilities

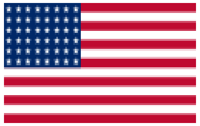
Best in class & proven equipment & practices

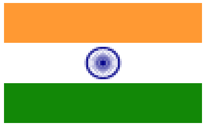
All major certifications/ accreditations including API5L, OHSAS:18001, ISO:9001, ISO:14001, ISO:17025 (NABL)

In-house capabilities to manufacture critical technology sensitive equipment

Modern manufacturing facilities leads to minimum maintenance capex

ADEQUATE CAPACITIES FOR GROWTH





US Facility

Saudi Facility

India Facility

Products (KMT)	US	Saudi Arabia	India
LSAW	-	-	700
HSAW	350	300	700
ERW/ HFIW	175	-	200
Coating Systems	✓	✓	✓
Plate & Coils			1,500

Pipe capacity is 2.4 mn MT; Plate & Coil capacity is 1.5 mn MT

9M FY18 HIGHLIGHTS

PERFORMANCE HIGHLIGHTS 9MFY18

Rs. 59,284 mn
49% YoY
Income from Operations

788* KMT
58% YoY
Pipe sales volume

Rs. 6,568 mn
53% YoY
EBIDTA

Rs. 1,628 mn
vs. Rs (470) mn YoY
PAT

Rs. 3,890 mn
53% YoY
Cash PAT

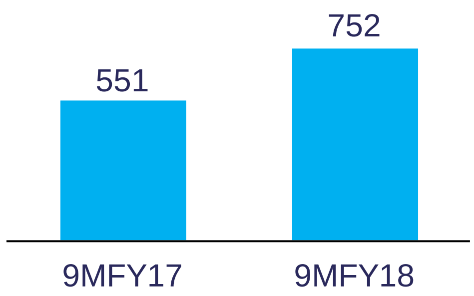
Rs. 6,421 mn
vs. Rs 11,065 mn in Q4FY17
Net Debt

*Note: * Excludes Saudi Arabia operations*
All numbers of this sheet are based on IND-AS disclosures and exclude JV businesses – Saudi Arabia and CWC
**Q2FY18 and Q3FY18 Revenue from operations is net of Goods and Services Tax (GST). Please refer to Note 5 of Consolidated Financial Results of Q3FY18 for details*

9M FY18 OPERATING PERFORMANCE

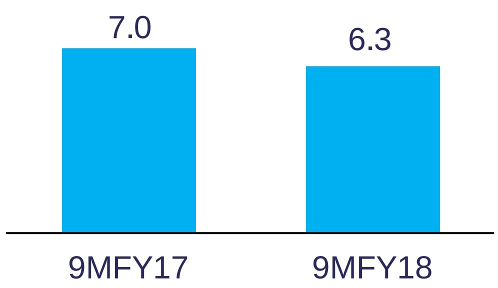
Pipe production

(KMT)



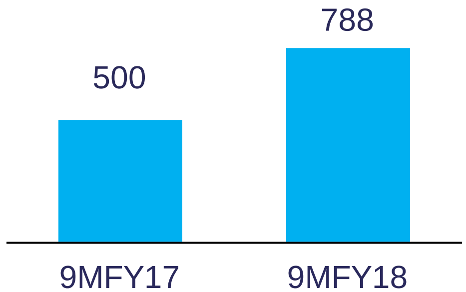
EBITDA/Ton for Pipes

(Rs. ‘000)



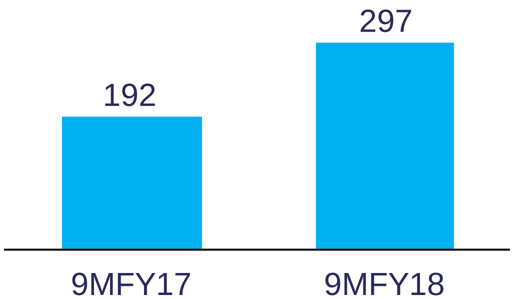
Pipe sales

(KMT)



Plate/ Coils production

(KMT)

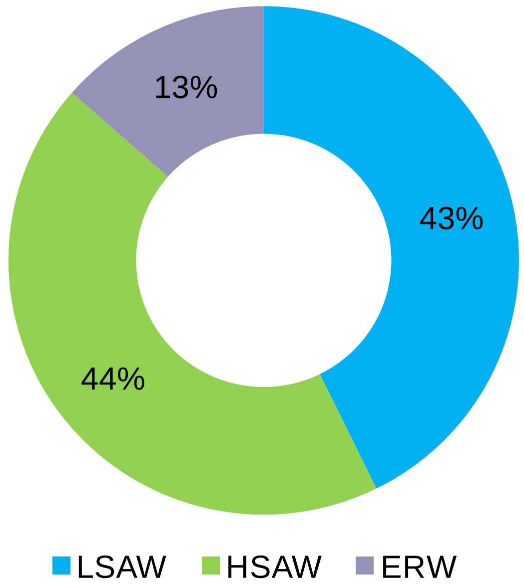


Note: All numbers on this page excludes JV operations – Saudi Arabia, unless specified ; Total pipe production excludes 20KMT/ 73 KMT for Saudi Arabia plant in 9M FY18/ 9M FY17 respectively; Total pipe sales excludes 42 KMT/ 97 KMT for Saudi Arabia plant in 9M FY18/ 9M FY17 respectively

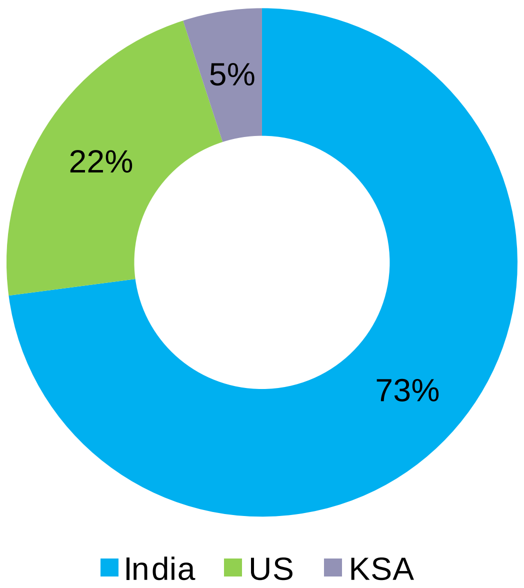
SALES VOLUME BREAK-UP

9M FY18 Pipe Sales Volume : 830 KMT

(including Saudi Arabia operations)



Sales by Type



Sales by Plant

Note: All numbers on this page includes all JV operations – Saudi Arabia

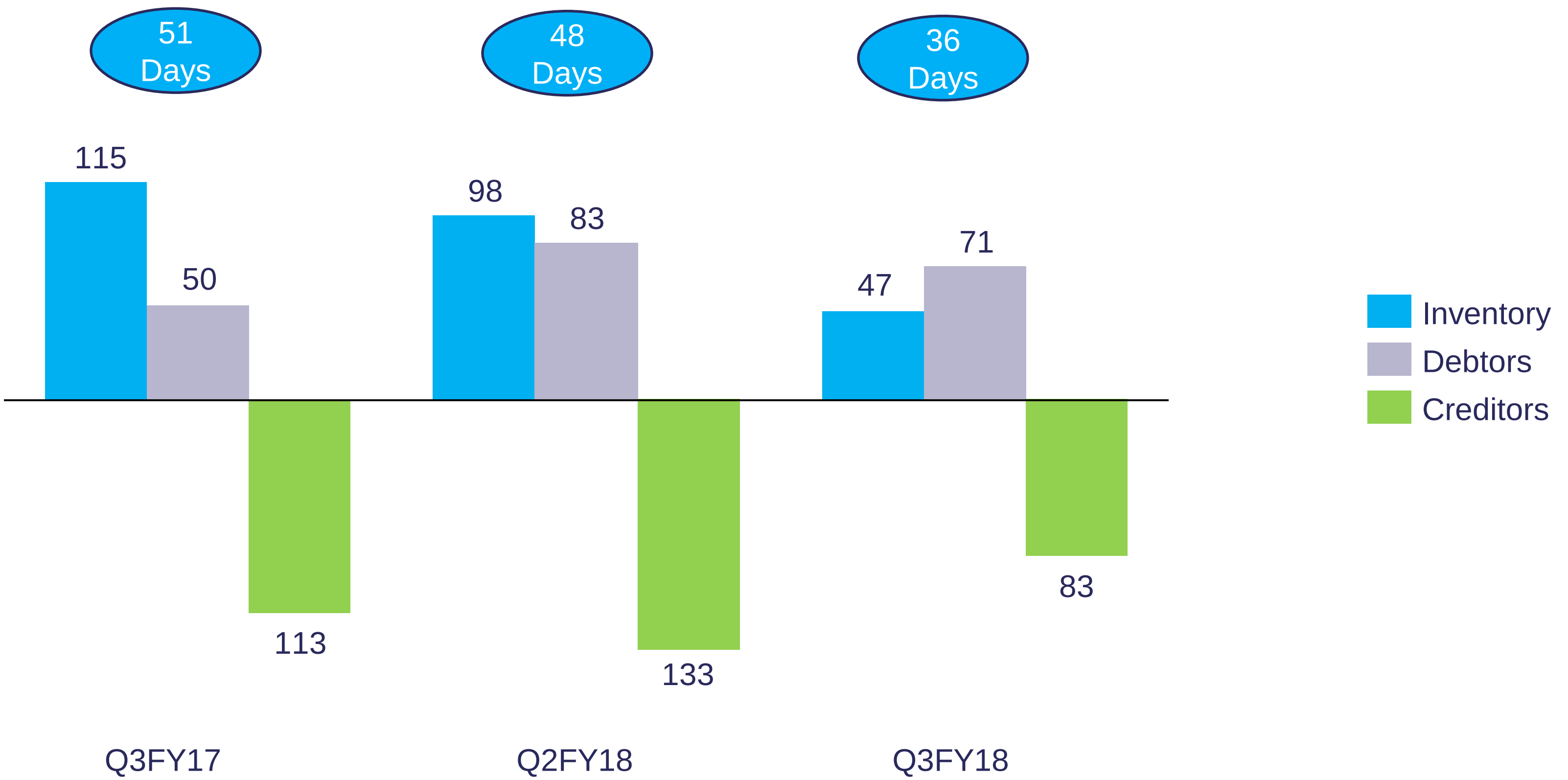
HEALTHY BALANCE SHEET TO SUPPORT GROWTH

- **Gross debt** as on 31 December 2017 was down Rs 1,606 mn Q-o-Q; **Net debt** was down Rs 3,624 mn Q-o-Q

Rs mn	Q3 FY17	Q2 FY18	Q3 FY18
Gross Debt	**22,619**	**14,489**	**12,883**
Cash & Equivalent	10,494	4,445	6,463
Net Debt	**12,125**	**10,045**	**6,421**
Current Ratio	1.46x	1.31x	1.40x
Net Debt/ EBITDA	1.89x	1.04x	0.67x
Net Debt/ Equity	**0.44x**	**0.36x**	**0.23x**

NET WORKING CAPITAL UNDER CONTROL

IND AS Basis



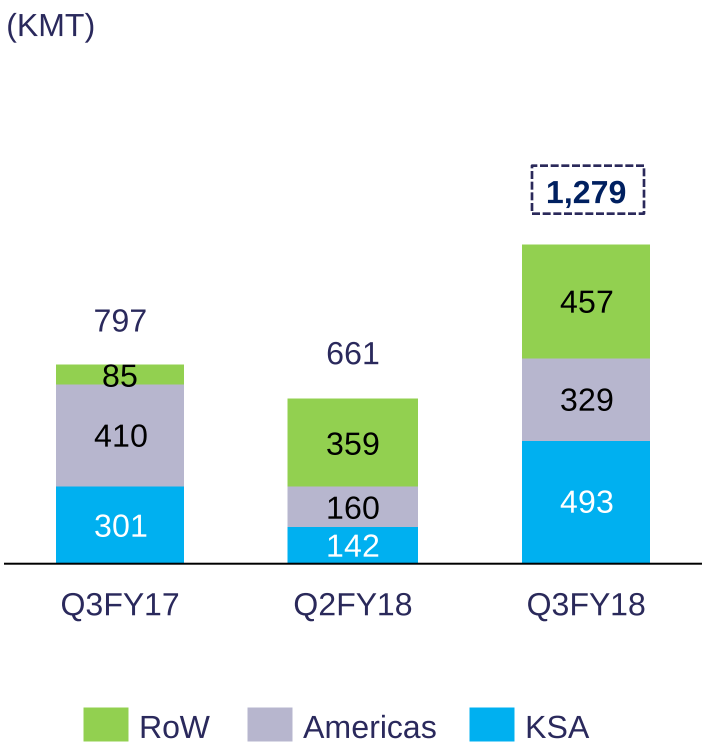
FY18 cash conversion cycle is expected in the region of 50-55 days

**Includes Debtors + Inventory – Creditors*

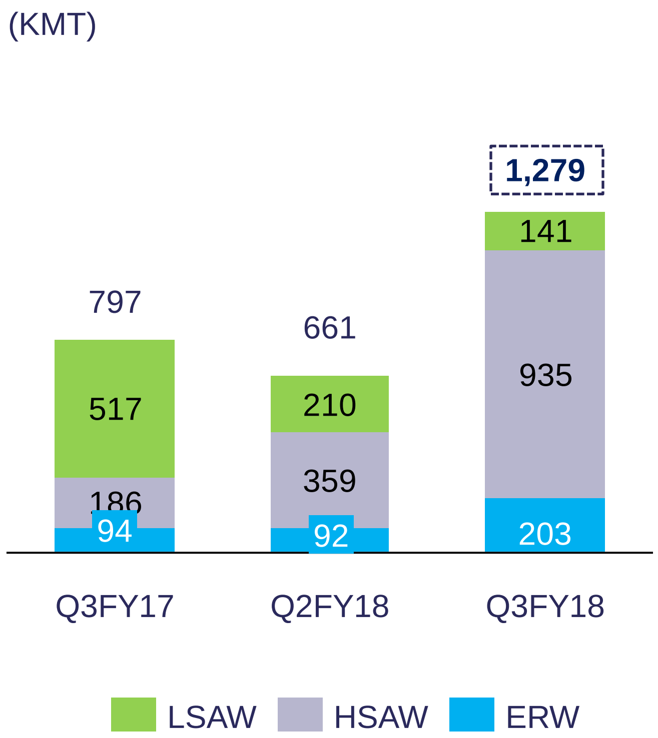
ORDERBOOK ANALYSIS (including Saudi Arabia operations)

Buoyancy across major markets has led to historical high Orderbook

Order book by Region



Order book by Type



Note: All numbers on this page includes all JV operations – Saudi Arabia and CWC

OUTLOOK

FY18 YTD

- More than 1.5 million MTs of new orders booked leading to historical high orderbook
- Order booking has been wide-spread across all major markets – Americas, MENA and India
- Based on the expected sales-mix for the year we had indicated earlier that H2 profitability will be relatively weak. The same is visible in Q3 margins

Demand drivers

- Firming up of energy prices
- Demand growth in Americas is led by a buoyant small diameter segment (pick-up in exploration) and early signs of revival in large diameter segment
- Expansion of National Gas Grid in India
- Large number of water projects across India and Saudi Arabia

PROFIT & LOSS

Rs mn	9M FY17	9M FY18
Income from operations	**39,660**	**59,284**
EBIDTA	**4,304**	**6,568**
Depreciation/Amortization	2,942	2,886
Finance Cost	1,723	1,442
Profit before tax and share of JVs	**(361)**	**2,240**
Tax	(274)	32
Non-Controlling interest	(115)	(22)
Share of Profit/ (Loss) from JVs	(498)	(602)
Net Profit/ (Loss) for the period	**(470)**	**1,628**

Note: Prior period figures are reinstated wherever necessary; All numbers of this sheet are based on IND-AS disclosures and exclude JV businesses – Saudi Arabia and CWC

THANK YOU

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